

# Annual Report

## MFEX Mutual Funds Exchange AB 556559-0634

1 January – 31 December 2022

The Board of Directors and CEO hereby present their report on  
the development of the Company and Group

Unless otherwise specifically stated, all amounts are presented in  
thousands of Euro

<b>Contents</b>	<b>Page</b>
Directors' report	2
Consolidated income statement and statement of comprehensive income	11
Consolidated balance sheet	12
Consolidated statement of changes in equity	13
Consolidated cash-flow statement	14
Parent company income statement and statement of comprehensive income	15
Parent company balance sheet	16
Parent company statement of changes in equity	17
Parent company cash-flow statement	18
Accounting policies and notes	19

## DIRECTOR'S REPORT FOR THE REPORTING PERIOD 1 JAN – 31 DEC 2022

<b>MFEX Mutual Funds Exchange AB - Group (Million EUR)</b>	<b>2022</b>	<b>2021</b>
OPERATING INCOME	59,7	58,7
OPERATING EXPENSES	-134,6	-81,9
EBITDA	-6,1	-7,3
OPERATING PROFIT/LOSS	-74,9	-23,2
PROFIT/LOSS FOR THE YEAR	-68,7	-19,3

  

<b>MFEX Mutual Funds Exchange AB - Parent Company (Million EUR)</b>	<b>2022</b>	<b>2021</b>
OPERATING INCOME	44,4	41,0
OPERATING EXPENSES	-63,3	-53,0
EBITDA	-4,5	-7,6
OPERATING PROFIT/LOSS	-18,9	-19,1
PROFIT/LOSS FOR THE YEAR	-15,3	-16,8

### Group structure

MFEX Mutual Funds Exchange AB (MFEX/parent company) prepare consolidated accounts for the MFEX Group and is the holding company of MFEX France S.A., MFEX Luxembourg S.A., MFEX Suisse SA, MFEX Singapore Pts. Ltd., MFEX Malaysia SDN. BHD., MFEX Hong Kong Limited, Global Fund Watch GFW AB and Fondab AB. MFEX is a wholly owned subsidiary to Euroclear SA/NV.

### Information regarding operations

#### *MFEX Mutual Funds Exchange AB*

MFEX Mutual Funds Exchange AB (MFEX) and its subsidiaries, is a global fund distribution platform. MFEX offers a complete solution for fund trading, -custody, distribution services, data solutions and regulatory services.

Financial institutions and fund management companies use MFEX to trade and distribute funds efficiently on a global basis. Employing a single independent counterparty to access cross border and domestic fund markets reduces operational risk, decreases transaction costs and opens comprehensive distribution channels and streamlines rebate management.

MFEX provides access to the world's largest fund range, with trading and fund data from more than 960 fund companies and 90,000 funds. Fund management companies are offered easy access to more than 352 distributors in 52 countries in Europe and Asia. MFEX also manages rebate commissions with full transparency for both distributors and fund companies.

The Company has a permit to conduct securities activities in accordance with the Swedish Securities Market Act (2007:528), and to manage fund units in accordance with the Swedish Investment Funds Act (2004:46).

#### *MFEX France S.A.*

The subsidiary, MFEX France S.A. is owned 100% by MFEX and offers services related to automated fund distribution, due diligence and investment advice.

#### *Fondab AB*

The subsidiary, Fondab AB, is wholly owned by MFEX. Fondab AB offers fund companies and other financial institutions the utilization of Fondab AB's infrastructure, trading functionality and administration for fund trading. Fondab also operates the trading venue Fondmarknaden.se. Fondab AB has been held for sale since last year and was sold in May 2023.

#### *Other subsidiaries*

The wholly owned subsidiary, Global Fund Watch GFW AB, provides digital solutions to financial institutions for regulatory compliance and customer awareness. The other subsidiaries in Europe and Asia primarily execute services facilitating the operations of MFEX Mutual Funds Exchange AB and MFEX France S.A.

## Significant events during the financial year

### *Downstream merger*

During the year MFEX Holding AB (corp. Reg. No. 559097-5735), previously the holding company of MFEX Mutual Funds Exchange AB, merged into MFEX Mutual Funds Exchange AB through a downstream merger. Purpose of the merger was to streamline MFEX group structure and decrease governance administration of managing two holding companies.

The 2022 annual report include the first set of consolidated financial statements for the MFEX Mutual Funds Exchange AB Group, and 2021 numbers have been included for comparative purposes.

MFEX Holding AB did not have any operations or employees, and had total assets (excluding shares and participations in Group companies) of EUR 18,4 million, mainly cash at bank EUR 18,2 million and deferred tax asset of EUR 0,2 million, which was transferred from MFEX Holding AB to MFEX Mutual Funds Exchange AB. The merger resulted in a merger difference of EUR 18,3 million booked as non-restricted equity, see further Statement of Changes in Equity. Also due to the merger, net results of EUR -0,4 million for year 2022 was transferred from MFEX Holding AB to the Income Statement of MFEX Mutual Funds Exchange AB. See further details in Note 23 "Equity".

### *Acquisition of MFEX by Euroclear SA/NV*

Euroclear SA/NV acquired in September 2021 100% of the shares of MFEX Holding AB. This company was before the downstream merger, mentioned above, 100% owner of MFEX Mutual Funds Exchange AB, a leading global funds distribution platform. It enabled the Euroclear Group to strategically extend its capabilities and presence in the fund industry.

MFEX is the most significant acquisition by the Euroclear group in the past decade. By combining MFEX's well established fund distribution platforms with Euroclear's post-trade expertise, MFEX and Euroclear are creating a new end-to-end funds offering for clients, providing access to over 2,000 fund distributors and about 2,500 fund companies spanning 85 countries. Following the integration of MFEX within Euroclear consolidation perimeter, fund assets under administration reached €2.8 trillion across the group.

The integration of MFEX with Euroclear is progressing well. The company is on track to realise the revenue and cost synergies expected by the acquisition even though financial market conditions were exceptionally challenging for funds throughout 2022.

MFEX brings a broad fund distribution network which is complementary to Euroclear's existing post trade expertise in funds. This combination allows MFEX and Euroclear to offer an end-to-end suite of digital multi asset solutions for funds across Mutual Funds, ETFs and alternative asset classes.

### *Covid statements*

During 2022, the Covid-19 became endemic and society embraced new ways of working based on a hybrid working between home and office. MFEX has continued to invest significantly in its cyber security capabilities including improvements to the cyber security risk culture. Our investment also in the IT risk and control environment resulted in improved security arrangements in a constantly evolving cyber threat landscape. Further investment will continue in 2023 and beyond to further reduce the residual risks and ensure sustainability.

### *Further significant events during the year*

In addition to work related to integration of MFEX with Euroclear, the period has been characterised by continued strong level of engagement on behalf of our personnel, as well as by the implementation and integration of previous acquisitions. Parallel with this work, we continued our expansion in existing and new markets supported by the investments in product development. Especially the fund distribution services have progressed well throughout the year and more than compensated the drop in market values.

Despite that market conditions were unfavourable during the year and trading & custody clients of MFEX Luxembourg were partly transferred to Euroclear Bank SA/NV's FundSettle platform which negatively impacted fund assets under administration, operating revenue increased by 2 % in MFEX Group (8% in Parent Company) compared with the same period last year and amounted to EUR 60 M in MFEX Group (EUR 44 M in Parent Company).

Undoubtedly, such development in financial markets has been influenced by the aftermaths from the Covid-19 pandemic and situation in Ukraine followed by the energy crisis, supply chain constraints and inflation. This trend, along with extensive issuance of securities by businesses and governments, has continued throughout 2022.

Total costs increased as a result of impairment of intangible assets (see further below), selected investments and non-recurring integration costs, primarily related to temporary consulting services. MFEX Group will continue to review its cost base, however, without hindering the current strong growth strategy, and while maintaining high service delivery quality.

As a result of the acquisition by Euroclear, MFEX investment firm group is not subject anymore to prudential capital requirement at consolidated level, and instead MFEX is now part of the Euroclear banking group. However, MFEX Mutual Funds Exchange AB, MFEX France S.A., MFEX Luxembourg SA and Fondab AB are still on standalone basis EU regulated

investment firms under IFR (Investment Firms Regulation) /IFD (Investment Firms Directive) and subject to such capital requirements.

The Parent Company, MFEX Mutual Funds Exchange AB, continues to be well capitalised with a total capital ratio of 49 % – compared with the minimum regulatory requirement of 16 %. Since the new capital adequacy regulations IFR/IFD came into force in June 2021, the company apply transitional rules in accordance with article 57.3 of IFR.

## **Future prospects**

### *Statement on Ukraine*

MFEX continues to closely monitor the situation in Ukraine and to implement the various sanctions that are issued by the different authorities. The implementation of sanctions did not materially influence the 2022 financial statements of MFEX and the company remains confident that its low risk profile and the resilient nature of its business will preserve its safety and financial robustness.

## **Condensed earnings and financial position**

### **Consolidated performance**

MFEX Group total operating income increased by 2 percent due to an increase in revenue from fund distribution services more than offsetting the challenging market conditions and ongoing transfer of MFEX Luxembourg SA trading & custody clients to Euroclear SA/NV's FundSettle platform. Of the total fund assets under administration as of 31 December, approximately Euro 89 billion (110 billion last year) refers to fund units acquired by, or on behalf of, third parties. Such decrease was mainly related to decrease in market values and to a smaller extent (Euro -5 billion) was related to the ongoing transfer of MFEX Luxembourg SA clients' trading & custody activities to Euroclear Bank SA/NV's FundSettle platform.

Total operating income of MFEX Group increased by 1.8 percent to Euro 59.7 M (58.7 M last year) reflecting strong traction of fund distribution services as reported above and total operating expenses of MFEX Group amounted to Euro -134.6 M (-81,9 M last year). Such a cost trend was mainly driven by higher costs due to integration with Euroclear, specifically impairment of intangible assets, and reinforced staff base, see further Note 6 "General administration expenses" and Note 9 "Intangible assets".

MFEX Group EBITDA improved to Euro -6.1 M (-7.3 M last year). And when excluding non-recurring items for Euro -6.6 M (-6.3 M last year) impacting EBITDA, EBITDA improved to Euro 0.5 M vs -1.0 M last year. Such an improvement resulted mainly from a decrease in operating expenses (excl. non-recurring items) of Euro 1.2 M driven mainly by lower consultancy costs (which more than compensated higher staff base and related personnel costs) and income progression in 2022 for Euro 1.0 M (Euro 0.3 M excl interest income and expenses).

The year was also positively impacted by partial release of the additional reserve recognised last year related to unpaid rebates amounting to Euro +1.3 M (-6.3 M last year) due to improved situation related to rebates claims that have passed payment due date. Total provisioning at year-end of accounts receivables passed payment due date was Euro 5.0 M (Euro 9.7 M last year) recognized in MFEX Group under general administrative expenses – other operating and administrative costs (see Note 6 "General administration expenses" for more information).

While good progress in collecting rebates was made during the year 2022, the Group will continue to reinforce its operating processes to further streamline rebate management in both MFEX France S.A. and MFEX Mutual Fund Exchange AB.

In addition, there were other non-recurring costs of in total Euro -7.9 M in MFEX Group which mainly related to severance charges in MFEX Luxembourg SA. The Group will continue to review and control the evolution of its cost base, although this will not obstruct the current growth strategy, while maintaining service delivery quality.

MFEX Group loss for the year reached Euro -68.7 M vs -19.3 M last year and was negatively impacted by non-recurring items of Euro -6.6 M (-6.3 M last year) detailed above coupled with impairments on intangible assets of Euro -55.0 M (-7.1 M last year) and impairments on capitalised expenditure for development work related to MFEX Group trading & custody platforms were made for Euro -5.7 M.

Impairment of intangible assets related to MFEX Group previous acquisitions, e.g. goodwill, customer relations and IT systems, were made for total of Euro -60.7 M. Those impairments were made as part of the integration with Euroclear. See further Note 9 "Intangible assets".

Impairments on capitalised expenditure for development work related to MFEX Group trading & custody platforms were mainly driven by the evolution of Euroclear integration initiatives and the related transfer of clients' trading & custody activities to Euroclear Bank SA/NV's FundSettle platform.

We are investing a great deal of energy in business development in Fund Distribution Services, Fund Data and digitalization of the customer experience. We are accelerating our growth strategy by investing in new products such as market intelligence and expanding in Asia and Europe. As with last year, the strong growth is continuing through both integration of past acquisitions and organic growth while leveraging the business franchise of Euroclear Bank SA/NV since the acquisition in September 2021 of MFEX by the Euroclear Group.

Macroeconomic and financial uncertainty has been an everyday situation for us, which is a challenge we are equipped to meet. MFEX has a unique infrastructure as the leading fund distribution marketplace. We have reinforced our position, and even though there is a lot of work remaining, many factors indicate that we can continue to look to the future with strong confidence.

### **Parent Company performance**

Parent Company total operating income increased by 8.2 percent to Euro 44.4 M (41.0 M last year) and total operating expenses amounted to Euro -63.3 M (-53.0 M last year). Increase in total operating income is partly related to increase in fund distribution services more than offsetting drop in market values and partly to higher costs charged out to other group operating entities for services provided especially to Euroclear.

Parent Company EBITDA amounted to Euro -4.5 M (-7.6 M last year) and when excluding non-recurring items of Euro +0.3 M (-6.3 M last year), EBITDA decreased to Euro -4.8 M (-1.3 M last year). Such negative EBITDA development in Parent Company was mainly driven by higher costs charged out by other group operating entities for services provided to the Parent Company, in line with transfer pricing principles applied within MFEX Group, which more than offset the increase in commission income.

Parent Company loss for the year amounted to Euro -15.3 M (-16.8 M last year) and when adjusted for non-recurring items of Euro +0.3 M (-6.3 M last year), impairments on capitalized expenditure for development work for Euro -6.3 M (0.0 M last year) and impairment of intangible assets related to previous acquisition in Spain of -4.3 M (0.0 M last year) commented above, and impairments on financial assets of EUR 0.0 M (-7.1 M last year), loss for the year reached -5.0 M in 2022 vs -3.4M in 2021 reflecting the EBITDA trend of the company as described above.

### **Investments in IT systems**

To meet new business needs and further improve the quality of our products, we are continuously investing in our different offerings on MFEX platforms. Total investments in IT system during 2022 amounted to Euro 2.9 M (3.6 M last year) in MFEX Group and Euro 2.6 M (3.4 M last year) in Parent Company.

### **Liquidity**

Total cash and cash equivalents for MFEX Group on 31 December amounted to Euro 87.4 M (96.0 M last year), Cash and cash equivalents were consisting of term deposits of Euro 15.0 M and remaining as cash at bank. Additionally, MFEX Group entities held in total on 31 December investment in Euroclear Treasury fund BE-R of Euro 24.9 M. Hence in total, cash assets (cash and cash equivalent combined with investment in Euroclear Treasury fund) amounted to Euro 112.3 M (96.0 M last year) reflecting the expansion of our rebate collection service offering during the year as well as capital contribution of Euro 4.5 M made by Euroclear SA/NV as shareholder of the company (see Equity and capital adequacy section hereunder).

For the Parent Company cash and cash equivalents on 31 December was Euro 39.3 M (26.4 M last year) consisting of term deposits of Euro 10 M and remaining as cash at bank. Additionally on 31 December Euro 8.5 M was held in Euroclear Treasury fund BE-R. During the year through the downstream merger with MFEX Holding AB, Euro 18.2 M was transferred to the Parent Company.

### **Equity and capital adequacy**

On 31 December in MFEX Group, equity amounted to Euro 52.7 M (98.1 M last year), of which Euro 169 thousand in share capital. The drop in equity of about Euro -45 M is mainly driven by the Group loss for the year reported at Euro -69 M partially offset by the merger difference of Euro 18 M and a capital contribution from Euroclear SA/NV of Euro 4.5 M.

For the Parent Company, equity was Euro 113.3 M (105.8 M last year). Such an increase despite the operating loss of the company at year-end is mainly driven by a merger difference of Euro 18.3 M from the downstream merger of MFEX Holding AB coupled with a capital contribution from Euroclear SA/NV of Euro 4.5 M.

For the Parent company, the Common Equity Tier 1 capital ratio, in accordance with transitional rules in article 57.3 under IFR, amounted to 49 % (42 % last year). During the year, Euroclear SA/NV provided Euro 4.5 M as an unconditional shareholders contribution to MFEX and a merger difference of Euro 18.3 M was recognised. For additional information, see the Parent Company's "Statement of Changes in Equity", Note 23 "Equity" and Note 26 "Capital adequacy analysis".

IFR (Investment Firms Regulation) /IFD (Investment Firms Directive) replaced CRR/CRD for all securities companies during the year from 26 June 2021. During the first 5 years, there are transition rules implying that the companies can apply a lower capital adequacy requirement which is equivalent to two times the Pillar 1 requirement according to the version of CRR Regulation (EU) No. 575/2013, which would have been applicable if MFEX had continued to be covered by the capital adequacy requirements in the regulation in its changed wording according to Regulation (EU) 2019/630. As a consequence of the acquisition by Euroclear, MFEX investment firm group was dissolved in Q4 2021, and MFEX is now part of the Euroclear banking group.

## Ownership

Euroclear SA/NV acquired in September 2021 100% of the shares of MFEX Holding AB. This company is 100% owner of MFEX Mutual Funds Exchange AB, a leading European and global funds distribution platform. During the year MFEX Holding AB was merged with MFEX Mutual Funds Exchange AB through a downstream merger and at 31 December Euroclear SA/NV was the 100% direct owner of MFEX Mutual Funds Exchange AB, see further Note 23, "Equity".

## Number of employees

In MFEX Group the average number of employees during the financial year was 365 (353) representing an increase of more than 3% of which 142 were women and 223 men, and as at the end of December 2022 the total number of employees was 376 (352). This trend reflected the investments made by the Group in its workforce to develop its business franchise and enhance its fund service offering, leveraging Euroclear capabilities.

In the Parent Company the average number of employees during the year was 82 (87) of which 21 were women and 61 men, and as at the end of December 2022 the total number of employees was 83 (85).

## Multi-year overview, Group

Amounts in kEUR

	1 jan 2022- 31 dec 2022	1 jan 2021- 31 dec 2021
<b>Income statement</b>		
Commission income	49 428	51 991
Net interest income	314	-541
Net profit/loss from financial transactions	3 034	197
Other operating income	6 965	7 041
<b>Total operating income</b>	<b>59 741</b>	<b>58 688</b>
General administrative expenses	-60 585	-63 883
Depreciation / Impairment	-69 042	-15 412
Other operating expenses	-4 970	-2 614
<b>Total operating expenses</b>	<b>-134 597</b>	<b>-81 909</b>
<b>Operating profit/loss</b>	<b>-74 858</b>	<b>-23 222</b>
<b>Balance sheet</b>	<b>2022-12-31</b>	<b>2021-12-31</b>
Lending to credit institutions	72 410	95 966
Bonds and other interest bearing securities	15 000	-
Shares and participations, other	24 949	-
Intangible assets	3 863	76 168
Tangible assets	4 280	3 590
Deferred tax assets	12 063	7 240
Other assets	190 653	197 653
Prepaid expenses and accrued income	11 349	9 153
Assets held for sale	4 496	6 433
<b>Total assets</b>	<b>339 063</b>	<b>396 203</b>
Other liabilities	266 955	278 113
Accrued expenses and deferred income	8 960	10 837
Other provisions	7 526	1 181
Provision for taxes	-	4 271
Liabilities for assets held for sale	2 946	3 746
Equity	52 676	98 054
<b>Total liabilities and equity</b>	<b>339 063</b>	<b>396 203</b>
Equity/assets ratio <sup>1)</sup>	16%	25%
Average number of employees	365	353
Return on assets <sup>2)</sup>	-20,25%	-4,88%

Multi-year overview Group only present 2022 and 2021, as since the downstream merger, the 2022 annual report include the first set of consolidated financial statements for the MFEX Mutual Funds Exchange AB Group, and 2021 numbers have been included for comparative purposes.

### Parent Company Multi-year overview

Amounts in kEUR

	1 jan 2022- 31 dec 2022	1 jan 2021- 31 dec 2021	1 jan 2020- 31 dec 2020	1 jan 2019- 31 dec 2019	1 jan 2018- 31 dec 2018
<b>Income statement</b>					
Commission income	32 848	30 440	25 600	20 367	16 673
Net interest income	-281	-324	-149	-17	42
Net profit/loss from financial transactions	1 989	4 014	1 395	2 201	2 674
Dividend received	181	-	-	-	-
Other operating income	9 686	6 908	5 754	1 978	1 170
<b>Total operating income</b>	<b>44 422</b>	<b>41 038</b>	<b>32 600</b>	<b>24 529</b>	<b>20 559</b>
General administrative expenses	-21 072	-28 127	-20 165	-23 463	-15 724
Amortisation and depreciation	-14 082	-3 970	-3 204	-2 097	-1 202
Other operating expenses	-28 134	-20 865	-16 789	-3 071	-488
<b>Total operating expenses</b>	<b>-63 288</b>	<b>-52 962</b>	<b>-40 158</b>	<b>-28 631</b>	<b>-17 414</b>
Impairment of financial fixed assets	-	-7 148	-	-	-
<b>Operating profit/loss</b>	<b>-18 865</b>	<b>-19 072</b>	<b>-7 558</b>	<b>-4 102</b>	<b>3 145</b>
<b>Balance sheet</b>	<b>2022-12-31</b>	<b>2021-12-31</b>	<b>2020-12-31</b>	<b>2019-12-31</b>	<b>2018-12-31</b>
Lending to credit institutions	29 321	26 416	21 197	11 522	7 308
Bonds and other interest bearing securities	10 000	-	-	-	-
Shares and participations in Group companies	103 129	96 907	91 380	69 802	67 749
Shares and participations, other	8 501	-	-	-	-
Intangible assets	3 257	14 522	14 889	12 955	10 673
Tangible assets	426	442	604	601	515
Deferred tax assets	7 381	3 966	1 681	52	288
Other assets	80 837	85 640	69 728	61 343	60 256
Prepaid expenses and accrued income	10 371	8 265	8 672	4 528	3 396
<b>Total assets</b>	<b>253 222</b>	<b>236 158</b>	<b>208 151</b>	<b>160 803</b>	<b>150 186</b>
Other liabilities	135 634	128 241	93 529	73 050	56 534
Accrued expenses and deferred income	3 704	1 964	1 788	1 452	1 332
Provisions	575	190	-	-	-
Untaxed reserves	-	-	-	-	707
Equity	113 309	105 763	112 834	86 300	91 613
<b>Total liabilities and equity</b>	<b>253 222</b>	<b>236 158</b>	<b>208 151</b>	<b>160 803</b>	<b>150 186</b>
Equity/assets ratio <sup>1)</sup>	45%	45%	54%	54%	61%
Average number of employees	82	87	102	111	103
Return on assets <sup>2)</sup>	-6,03%	-7,09%	-2,87%	-2,55%	1,61%

1) **Equity/assets ratio:** Equity and share of equity ratio of untaxed reserves in relation to total assets.

2) **Return on assets:** Operating income less tax, divided by total capital.

### Board of Directors

At the ordinary General Meeting of Shareholders held on 30<sup>th</sup> of June 2022, Oliver Lagerström (Chair), Olivier Huby, René-Pierre Azria, Brigitte Daurelle, Paul Hurd and Philippe Laurensy were re-elected as Board Members for a new term of 1 year.

Following the resignation of Brigitte Daurelle both as CEO and Board member of the Company, by decision of an extra Board meeting on 17<sup>th</sup> of May 2023, Carl-Axel Palmér was appointed as new CEO and Geert Desmedt as new Deputy CEO.

Besides re-election of the current board members, a new independent non-executive director, Sophie Lecloux, will be proposed to the Annual General Meeting of Shareholders in June 2023 to reinforce Board governance.

The Board of the Company focused over the past year on the update of the multi-year strategic plan following its acquisition by Euroclear, and in particular the deployment of a joint commercial services offering, monitoring the creation of synergies in the other targeted domains and the further strengthening of its governance and internal control framework, thus

leveraging the resources and expertise of its shareholder. It also paid attention to the embedding of MFEX into Euroclear's ESG ambitions.

The Board oversaw the streamlining of MFEX's corporate group structure to enhance its efficiency and focus, by the reverse merger of MFEX Holding into the Company as well as the sale of Fondab AB.

### **Other subsidiaries and branch offices**

MFEX Mutual Funds Exchange AB owns 100% of the subsidiary Fondab AB, Corp. Reg. No. 556697-5560, 100% of the subsidiary MFEX Suisse S.A., Corp. Reg. No. IDE CHE-305.126.621, 100% of the subsidiary MFEX Singapore Pte. Ltd. Corp. Reg. No. UEN 201629085E, 100% of the subsidiary Global Fund Watch GFW AB, Corp. Reg. No. 559033-8835, 100% of the subsidiary MFEX France S.A., Corp. Reg. No. 2005B17955, 100% of the subsidiary MFEX Malaysia SDN. BHD., Corp. Reg. No. 1282744-D, 100% of the subsidiary MFEX Hong Kong Limited, Corp. Reg. No. 2754915, and 100% of the subsidiary MFEX Luxembourg S.A., Corp. Reg. No. B233039.

MFEX Mutual Funds Exchange AB includes a Spanish branch under the name of MFEX Mutual Funds Exchange AB, Sucursal en España with registration number 105. MFEX Mutual Funds Exchange AB is also represented in Italy through one office in Milano, 9779570153, Milano. In beginning of 2022, as part of the integration with Euroclear, the UK Branch of MFEX Mutual Funds Exchange AB was deregistered and its staff was transferred to Euroclear SA/NV London Branch.

Fondab AB offers a B-to-C fund platform and related services for fund distribution. While Fondab's financial and business profiles are sound, the capacity of MFEX stand-alone to bring the company to a next level of growth has been considered remote due to the limited strategic fit of Fondab AB with MFEX/Euroclear Fund Strategy in view of the "direct to Consumer" offer of the company.

In parallel, end 2021, MFEX identified that a sale of Fondab AB could further secure long term business relationships with key clients in Sweden, representing thereby a sound business opportunity for both MFEX Group and Fondab AB. This implied that the shares of the company are now considered to be for sale on 31 December 2022. The sale transaction was successfully closed mid-May 2023.

### **Operational risks**

MFEX Group's credit, market and liquidity risks are limited as both parties only act as intermediary in the financial markets. MFEX Group conducts no lending operations and all trading in fund units is financed through payments by customers. No trading takes place on its own behalf, rather, MFEX Group only conducts customer trading. Operational risk is, however, present as a natural part of the Group's operations. On behalf of the Board, the internal audit function assesses whether the organisation is complying with the guidelines established by the Board. MFEX Group is not involved in any legal or tax disputes. The risk exposure and management of operational risks is, in all major aspects, unchanged with previous years. See, also Note 27 "Risk management objectives and policies" for further information and a description of risks in the Group's business.

### **Accounting policies**

The Group applies International Financial Reporting Standards (IFRS). Furthermore, the additions stipulated in the Swedish Annual Accounts for Credit Institutions and Investment Firms Act (1995:1559) and the Regulations and General Recommendations of the Swedish Financial Supervisory Authority on Annual Accounts of Credit Institutions and Investment Firms (FFFS 2008:25) have also been applied. The Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups and associated statements (UFR) were also applied.

The Parent Company applied the Swedish Annual Accounts for Credit Institutions and Investment Firms Act (1995:1559), the statutory International Financial Reporting Standards (IFRS) in accordance with the Regulations and General Recommendations of the Swedish Financial Supervisory Authority on Annual Accounts of Credit Institutions and Investment Firms (FFFS 2008:25), and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

For further information, refer to the section Accounting policies and notes.

### **Sustainability report**

In accordance with Swedish Annual Accounts Act (1995:1554) Chapter 7, Section 31, MFEX Mutual Funds Exchange AB prepares a statutory sustainability report for the Group. The sustainability report is available on [www.mfex.com](http://www.mfex.com).



### **Proposed appropriation of profit**

The Parent Company's non-restricted equity amounts to Euro 108 358 300. The Board of Directors will not propose a dividend for 2022, implying that Euro 108 358 300 is to be carried forward.

### **Post balance sheet events**

In May 2023 the sale transaction of Fondab AB was successively closed with Max Matthiessen / MM Holding AB.

### Consolidated income statement

Amounts in kEUR	Note	1 jan 2022- 31 dec 2022	1 jan 2021- 31 dec 2021
<b>Operating income</b>			
Commission income	2	49 428	51 991
Interest income	3	876	45
Interest expense	3	-562	-586
Net profit/loss from financial transactions	4	3 034	197
Other operating income	5	6 965	7 041
<b>Total operating income</b>		<b>59 741</b>	<b>58 688</b>
<b>Operating expenses</b>			
General administrative expenses	6,11,12	-60 585	-63 883
Depreciation/impairment of tangible and intangible assets	9,10,11	-69 042	-15 412
Other operating expenses	7	-4 970	-2 614
<b>Total operating expenses</b>		<b>-134 597</b>	<b>-81 909</b>
<b>Operating profit/loss</b>		<b>-74 858</b>	<b>-23 222</b>
Tax on profit/loss for the year	13	6 199	3 874
<b>Profit/loss for the year</b>		<b>-68 658</b>	<b>-19 348</b>
<i>Wherof net income from operations held for sale</i>	20	296	1 492
<b>Attributable to:</b>			
Parent Company's shareholders		-68 658	-19 348

### Consolidated statement of comprehensive income

Amounts in kEUR	Note	1 jan 2022- 31 dec 2022	1 jan 2021- 31 dec 2021
Profit/loss for the year		-68 658	-19 348
<i>Items which can be reclassified to profit or loss (including tax)</i>	23		
Equity funds designated at FVOCI	25	-78	
Deferred tax relating to equity funds designated at FVOCI	13	13	
Translation differences		129	-4
<b>Total other comprehensive income</b>		<b>64</b>	<b>-4</b>
<b>Comprehensive income for the year</b>		<b>-68 594</b>	<b>-19 352</b>
<b>Attributable to:</b>			
Parent Company's shareholders		-68 594	-19 352

### Consolidated balance sheet

Amounts in kEUR	Note	2022-12-31	2021-12-31
<b>ASSETS</b>	24		
Lending to credit institutions	14,25	72 410	95 966
Bonds and other interest bearing securities	14,25	15 000	-
Shares and participations, other	15,25	24 949	-
Intangible assets	9	3 863	76 168
Tangible assets	10,11	4 280	3 590
Deferred tax assets	13	12 063	7 240
Other assets	16,25	190 653	197 653
Prepaid expenses and accrued income	17,25	11 349	9 153
Assets held for sale	20	4 496	6 433
<b>TOTAL ASSETS</b>		<b>339 063</b>	<b>396 203</b>
<b>LIABILITIES, PROVISIONS AND EQUITY</b>			
<b>Liabilities and provisions</b>	24		
Other liabilities	11,18,25	266 955	278 113
Accrued expenses and deferred income	19,25	8 960	10 837
Provision other	12	7 526	1 181
Provision for taxes	13	-	4 271
Liabilities for assets held for sale	20	2 946	3 746
<b>Total liabilities and provisions</b>		<b>286 388</b>	<b>298 148</b>
<b>Equity</b>	23		
Share capital		169	169
Other contributed capital		122 060	117 560
Reserves		220	155
Retained earnings, including net profit/loss for the year		-69 772	-19 829
<b>Total equity attributable to parent company shareholders</b>		<b>52 676</b>	<b>98 054</b>
<b>TOTAL LIABILITIES, PROVISIONS AND EQUITY</b>		<b>339 063</b>	<b>396 203</b>

**Consolidated statement of changes in equity**

Amounts in kEUR	Share capital	Other contributed capital	Translation reserve	Fair value reserve	Retained earnings	Total equity
<b>Equity 31/12/2020</b>	<b>169</b>	<b>107 885</b>	<b>159</b>	-	<b>701</b>	<b>108 914</b>
Profit/loss for the year	-	-	-	-	-19 348	-19 348
Other comprehensive income for the year	-	-	-4	-	-	-4
<b>Total comprehensive income for the year</b>	-	-	<b>-4</b>	-	<b>-19 348</b>	<b>-19 352</b>
<i>Transactions with owners</i>						
Received shareholder contributions	-	9 675	-	-	-	9 675
Option premiums received <sup>1</sup>	-	-	-	-	-1 183	-1 183
<b>Total transactions with owners</b>	-	<b>9 675</b>	-	-	<b>-1 183</b>	<b>8 492</b>
<b>Equity 31/12/2021</b>	<b>169</b>	<b>117 560</b>	<b>155</b>	-	<b>-19 830</b>	<b>98 054</b>
Profit/loss for the year	-	-	-	-	-68 658	-68 658
Other comprehensive income for the year	-	-	129	-65	-	64
<b>Total comprehensive income for the year</b>	-	-	<b>129</b>	<b>-65</b>	<b>-68 658</b>	<b>-68 594</b>
Merger difference	-	-	-	-	18 290	18 290
Restatement prior year	-	-	-	-	426	426
<i>Transactions with owners</i>						
Received shareholder contributions	-	4 500	-	-	-	4 500
<b>Total transactions with owners</b>	-	<b>4 500</b>	-	-	-	<b>4 500</b>
<b>Equity 31/12/2022</b>	<b>169</b>	<b>122 060</b>	<b>285</b>	<b>-65</b>	<b>-69 773</b>	<b>52 676</b>

<sup>1</sup> Amount of -1 183 keur relates to effect of exercised warrants in Fondab AB in connection with Euroclear's acquisition of MFEX Group when a temporary non-controlling interest arose in Fondab AB during one day.

Refer to note 23 for additional information

### Consolidated cash-flow statement

Excluding managed assets		1 jan 2022-	1 jan 2021-
Amounts in kEUR	Note	31 dec 2022	31 dec 2021
<b>Operating activities</b>			
Operating profit/loss		-74 858	-23 222
<i>Adjustments for non-cash items</i>			
Depreciation of tangible and intangible assets	10,11	8 166	8 264
Impairment of tangible and intangible assets	9	60 876	7 148
Changes in provisions		6 344	1 181
Income tax paid		-2 742	-6 781
<i>Cash flow from operating activities before changes in assets and liabilities in the operating activities</i>		<b>-2 213</b>	<b>-13 409</b>
<i>Increase (-) / decrease (+) in assets of operating activities:</i>			
Other assets		9 821	-58 142
Prepaid expenses and accrued income		-2 196	2 241
<i>Increase (+) / decrease (-) in liabilities of operating activities:</i>			
Other liabilities		-10 089	77 824
Accrued expenses and deferred income		-1 877	5 024
<b>Cash flow from operating activities</b>		<b>-6 554</b>	<b>13 537</b>
<i>of which from operations held for sale</i>		212	2 204
<b>Investing activities</b>			
Acquisition of intangible assets	9	-2 892	-3 656
Acquisition of tangible fixed assets	10	-754	-547
Purchase of financial instruments at FVOCI	15	-24 949	-
Sale of intangible assets	9	5 792	-
<b>Cash flow from investments</b>		<b>-22 803</b>	<b>-4 203</b>
<i>of which from operations held for sale</i>		-258	-171
<b>Financing activities</b>			
New issues		-	-1 183
Received shareholder contributions		4 500	9 675
Amortisation on leasing liabilities		-1 868	-1 976
<b>Cash flow from financing activities</b>		<b>2 632</b>	<b>6 516</b>
<b>Cash flow for the year</b>		<b>-26 724</b>	<b>15 850</b>
<i>of which from operations held for sale</i>		-46	2 033
<b>Cash and cash equivalents, 1 January</b>		<b>95 966</b>	<b>80 116</b>
Received cash and cash equivalents in merger		18 168	-
Exchange rate differences in cash and cash equivalents		-	-
<b>Cash and cash equivalents at the end of the period</b>		<b>87 410</b>	<b>95 966</b>
<i>of which from continuing operations</i>		85 643	91 983
<i>of which from operations held for sale</i>		1 767	3 983
Lending to credit institutions		72 410	95 966
Bonds and other interest bearing securities <sup>1)</sup>		15 000	-
<b>Cash and cash equivalents, 31 December</b>		<b>87 410</b>	<b>95 966</b>

<sup>1)</sup> Excluding bonds and other interest bearing securities with initial maturity more than 3 months

### Parent company income statement

Amounts in kEUR	Note	1 jan 2022- 31 dec 2022	1 jan 2021- 31 dec 2021
<b>Operating income</b>			
Commission income	2	32 848	30 440
Interest income	3	379	41
Interest expense	3	-661	-365
Net profit/loss from financial transactions	4	1 989	4 014
Dividend received	15	181	-
Other operating income	5	9 686	6 908
<b>Total operating income</b>		<b>44 422</b>	<b>41 038</b>
<b>Operating expenses</b>			
General administrative expenses	6	-21 072	-28 127
assets	9,10	-14 082	-3 970
Other operating expenses	7	-28 134	-20 865
<b>Total operating expenses</b>		<b>-63 288</b>	<b>-52 962</b>
Impairment of financial fixed assets	15	-	-7 148
<b>Operating profit/loss</b>		<b>-18 865</b>	<b>-19 072</b>
<b>Profit/loss before tax</b>			
Tax on profit/loss for the year	13	3 605	2 322
<b>Profit/loss for the year</b>		<b>-15 260</b>	<b>-16 750</b>

### Parent company's statement of comprehensive income

Amounts in kSEK		1 jan 2022- 31 dec 2022	1 jan 2021- 31 dec 2021
Profit/loss for the year		-15 260	-16 750
<i>Items that can later be reversed in profit or loss:</i>			
Equity funds designated at FVOCI	25	-27	-
Deferred tax relating to equity funds designated at FVOCI	13	5	-
<b>Total other comprehensive income</b>		<b>-21</b>	<b>-</b>
<b>Comprehensive income for the year</b>		<b>-15 281</b>	<b>-16 750</b>

**Parent company balance sheet**

Amounts in kEUR	Note	2022-12-31	2021-12-31
<b>ASSETS</b>	24		
Lending to credit institutions	14,25	29 321	26 416
Bonds and other interest bearing securities	14,25	10 000	-
Shares and participations in Group companies	15	103 129	96 907
Shares and participations, other	15,25	8 501	-
Intangible assets	9	3 257	14 522
Tangible assets	10	426	442
Deferred tax assets	13	7 381	3 966
Other assets	16,25	80 837	85 640
Prepaid expenses and accrued income	17,25	10 371	8 265
<b>TOTAL ASSETS</b>		<b>253 222</b>	<b>236 158</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>	24		
Other liabilities	18,25	135 634	128 241
Accrued expenses and deferred income	19,25	3 704	1 964
<b>Total liabilities</b>		<b>139 338</b>	<b>130 205</b>
<b>Provisions</b>	12	<b>575</b>	<b>190</b>
<b>Equity</b>	23		
<i>Restricted equity</i>			
Share capital		169	169
Statutory reserve		1 453	1 453
Development expenditures fund		3 329	9 075
<i>Total restricted equity</i>		<i>4 951</i>	<i>10 697</i>
<i>Non-restricted equity</i>			
Free share premium reserve		10 351	10 351
Fair value reserve		-21	-
Retained earnings		113 288	101 465
Profit/loss for the year		-15 260	-16 750
<i>Total non-restricted equity</i>		<i>108 358</i>	<i>95 066</i>
<b>Total equity</b>		<b>113 309</b>	<b>105 763</b>
<b>TOTAL LIABILITIES, PROVISIONS AND EQUITY</b>		<b>253 222</b>	<b>236 158</b>

**Parent company statement of changes in equity**

Amounts in kEUR	Restricted equity			Non-restricted equity				Total
	Share capital	Statutory reserve	Development expenditures fund	Free share premium reserve	Fair value reserve	Retained earnings		
<b>Equity 31/12/2020</b>	<b>169</b>	<b>1 453</b>	<b>8 439</b>	<b>10 351</b>	<b>-</b>	<b>92 423</b>	<b>112 834</b>	
Comprehensive income for the year						-16 750	-16 750	
Change in development expenditure	-	-	636	-	-	-636	-	
<i>Transactions with owners</i>								
Shareholder contributions	-	-	-	-	-	9 679	9 679	
<b>Equity 31/12/2021</b>	<b>169</b>	<b>1 453</b>	<b>9 075</b>	<b>10 351</b>	<b>0</b>	<b>84 715</b>	<b>105 763</b>	
Profit/loss for the year	-	-	-	-	-	-15 260	-15 260	
Other comprehensive income	-	-	-	-	-21	0	-21	
Comprehensive income for the year	-	-	-	-	-21	-15 260	-15 281	
Change in development expenditure	-	-	-5 746	-	-	5 746	-	
Restatements	-	-	-	-	-	13	13	
Merger difference	-	-	-	-	-	18 290	18 290	
MFEX UK deregistration	-	-	-	-	-	24	24	
<i>Transactions with owners</i>								
Shareholder contributions	-	-	-	-	-	4 500	4 500	
<b>Equity 31/12/2022</b>	<b>169</b>	<b>1 453</b>	<b>3 329</b>	<b>10 351</b>	<b>-21</b>	<b>98 028</b>	<b>113 309</b>	

Refer to note 23 for additional information



### Parent company statement of cash flows

Excluding managed assets Amounts in kEUR	Note	1 jan 2022- 31 dec 2022	1 jan 2021- 31 dec 2021
<b>Operating activities</b>			
Operating profit/loss		-18 865	-19 072
<i>Adjustments for non-cash items</i>			
Depreciation/amortisation of tangible and intangible assets	9,10	3 251	3 970
Impairment/disposals of tangible and intangible assets	9,10	10 834	17
Impairment of fixed financial assets	15	-	7 148
Change in provisions	12	385	190
Income tax paid		214	-145
<i>Cash flow from operating activities before changes in assets and liabilities in the operating activities</i>		<b>-4 181</b>	<b>-7 892</b>
<i>Increase (-) / decrease (+) in assets of operating activities:</i>			
Other assets		4 795	-15 732
Prepaid expenses and accrued income		-2 106	407
<i>Increase (+) / decrease (-) in liabilities of operating activities:</i>			
Other liabilities		7 514	34 716
Accrued expenses and deferred income		1 741	176
<b>Cash flow from operating activities</b>		<b>7 763</b>	<b>11 675</b>
<b>Investing activities</b>			
Acquisition of intangible assets	9	-2 604	-3 417
Acquisition of tangible fixed assets	10	-200	-43
Purchase of financial instruments at FVOCI	15	-8 501	
Investments (-) / sales (+) of subsidiaries	15	-6 222	-10 500
<b>Cash flow from investments</b>		<b>-17 526</b>	<b>-13 960</b>
<b>Financing activities</b>			
Received shareholder contributions		4 500	7 504
<b>Cash flow from financing activities</b>		<b>4 500</b>	<b>7 504</b>
<b>Cash flow for the year</b>			
		<b>-5 263</b>	<b>5 219</b>
Cash and cash equivalents, 1 January		26 416	21 197
Received cash and cash equivalents in merger		18 168	-
<b>Cash and cash equivalents, 31 December</b>		<b>39 321</b>	<b>26 416</b>
Lending to credit institutions		29 321	26 416
Bonds and other interest bearing securities <sup>1)</sup>		10 000	-
<b>Cash and cash equivalents, 31 December</b>		<b>39 321</b>	<b>26 416</b>

<sup>1)</sup> Excluding bonds and other interest bearing securities with initial maturity more than 3 months

Cash flow attributable to the ongoing operations of the Company includes received interest of Euro 74 thousand (66) and interest payments including capitalised interest of Euro 95 thousand (192).

## Accounting policies and notes

All of the amounts in the Notes are presented in thousands of Euro.

### Note 1

#### Company information

MFEX Mutual Funds Exchange AB ("MFEX"), Corp. Reg. No. 556559-0634, is a Swedish limited liability company with its registered office in Stockholm at the following address: Grev Turegatan 19, SE-114 38 Stockholm, Sweden. MFEX Mutual Funds Exchange AB is a wholly owned subsidiary of Euroclear SA/NV, Corp. Reg. No. BE.423.747.369 with its registered office in Belgium.

The Board of Directors approved this annual report on June 28, 2023 and it will subsequently be proposed for adoption by the annual meeting of shareholders on June 28, 2023.

Euroclear SA/NV acquired in September 2021 100% of the shares of MFEX Holding AB. During 2022 MFEX Holding AB was merged with MFEX Mutual Funds Exchange AB.

MFEX Mutual Funds Exchange AB owns 100% of the subsidiary Fondab AB, Corp. Reg. No. 556697-5560, 100% of the subsidiary MFEX Suisse S.A., Corp. Reg. No. IDE CHE-305.126.621, 100% of the subsidiary MFEX Singapore Pte. Ltd. Corp. Reg. No. UEN 201629085E, 100% of the subsidiary Global Fund Watch GFW AB, Corp. Reg. No. 559033-8835, 100% of the subsidiary MFEX France S.A., Corp. Reg. No. 2005B17955, 100% of the subsidiary MFEX Malaysia SDN. BHD., Corp. Reg. No. 1282744-D, 100% of the subsidiary MFEX Hong Kong Limited, Corp. Reg. No. 2754915, and 100% of the subsidiary MFEX Luxembourg S.A., Corp. Reg. No. B233039.

MFEX Mutual Funds Exchange AB prepares the consolidated accounts for the entire Group. Euroclear SA/NV, Corp. Reg. No. BE.423.747.369 prepares the consolidated accounts where MFEX Group is included.

MFEX Mutual Funds Exchange AB has a license to conduct securities activities in accordance with Chapter 2, Section 1, paragraphs 1 and 2 of the Swedish Securities Market Act (2007:528) and ancillary services in accordance with Chapter 2, Section 2, paragraphs 1 and 4, as well as ancillary activities in accordance with Chapter 2, Section 3. Furthermore, The Company also has a license to manage fund units in accordance with Chapter 4, Section 12 of the Swedish Investment Funds Act (2004:46).

The subsidiary Fondab AB has a licence to conduct securities activities in accordance with Chapter 2, Section 1, paragraphs 1, 2 and 4 of the Swedish Securities Market Act (2007:528) and ancillary services in accordance with Chapter 2, Section 2, paragraphs 1 and 5. Fondab AB also has a licence to manage fund units in accordance with Chapter 4, Section 12 of the Swedish Investment Funds Act (2004:46) and has a license to conduct pension savings operations (individual pension savings) in accordance with the Swedish Individual Pension Savings Act (1993:931).

The subsidiary MFEX France S.A. was founded in 2002 in London and offers services related to automated fund distribution, due diligence and investment consulting. MFEX France S.A. is licensed by the Autorité de Contrôle Prudentiel et de Résolution (ACPR).

The subsidiary MFEX Singapore Pte. Ltd. offers MFEX services locally in Asia and is licensed in Singapore by the Monetary Authority of Singapore (MAS) since 2017, and the subsidiary MFEX Suisse S.A. offers rebates collection services locally in Switzerland. MFEX Malaysia Sdn Bhd was established in conjunction with MFEX's acquisition of RBC Global Fund Platform (GFP). MFEX has outsourced parts of its back-office functions to MFEX Malaysia Sdn Bhd since 2019. In June 2020, MFEX Luxembourg SA completed the acquisition of Société Générale Securities Services (SGSS) Global Fund Trading platform. MFEX Hong Kong Ltd received its license from the Securities and Futures Commission (SFC) in June 2020, and now offers MFEX services locally in Hong Kong.

#### The Group's accounting policies

##### Compliance with laws and regulations

The Group applies International Financial Reporting Standards (IFRS). Furthermore, the additions stipulated in the Swedish Annual Accounts for Credit Institutions and Investment Firms Act (1995:1559) and the Regulations and General Recommendations of the Swedish Financial Supervisory Authority on Annual Accounts of Credit Institutions and Investment Firms (FFFS 2008:25) were also applied. The Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups and associated statements (UFR) were also applied.

*The IFRS standards that entered into force on 1 January 2022:*

No new or amended IFRS standards that entered into force on 1 January 2022 have had any significant impact on the reported income statements and balance sheets.

*New IFRS standards and interpretations that have not yet entered into force but could impact future financial statements:*

None of the published new and changed standards and interpretations of existing standards, which have yet to come into effect and are yet to begin to be applied, are expected to have a significant impact on the Group's financial reports, or on its capital adequacy for the financial year 2023 and following financial years.

Conditions relating to the preparation of the Group's financial statements

The Group's functional currency is the Euro (EUR). Unless stated otherwise, all amounts have been rounded to the nearest thousand.

The cost method was applied in preparing the financial statements except as regards certain assets and liabilities which were valued at fair value. The cost method entails that assets and liabilities are recognised at cost less decline in value and any impairment. The fair value is deemed to essentially correspond to the cost.

Non-current assets comprise tangible and intangible assets. Other assets are current assets. Current assets are expected to be recovered or paid within three months. All liabilities and current liabilities are expected to be recovered or paid within 12 months.

Significant accounting estimates and judgements

Group management makes estimates and assumptions about the future that impact the carrying amounts. As a result, the carrying amounts in these cases seldom corresponds to the actual amounts. Estimates and assumptions involving a significant risk of material adjustments to carrying amounts in future financial years are attributable to intangible assets (excluding goodwill, customer contracts & customer relationships and trademarks), goodwill and customer contracts & customer relationships and trademarks, tangible assets, deferred tax assets, other assets and other liabilities.

*Intangible assets excluding goodwill etc*

Main assumptions, estimates and judgements are related to capitalisation of internally developed expenditure, impairment of previous capitalisations, useful time of assets etc.

*Goodwill, customer contracts & customer relationships and trademarks*

Main assumptions, estimates and judgements are related to future earnings, model used to assess impairment and model critical data input such as discount rate etc.

*Tangible assets*

Main assumptions, estimates and judgements are related to useful time of assets, and discount rate used in Right-of-use-assets calculations and IFRS 16.

*Deferred tax assets*

Main assumptions, estimates and judgements are related to future earnings and capitalisation of losses carried forward.

*Other assets*

Main assumptions, estimates and judgements are related to allocation of received unallocated payments, provisioning assumptions of accounts receivables passed payment due date (net exposure) which builds up total reserve of about Euro 5.0 M that has been recognised as of end of December 2022.

*Other liabilities*

Main assumptions, estimates and judgements are related to discount rate used in leasing liability calculations under IFRS 16.

Group management determines and review assumptions and estimates related to these assets and liabilities on each balance sheet date and adjusted if necessary. For more information see Notes 9, 10, 11, 13, 16 and 18.

For the Parent Company, in addition to above, main assumptions, estimates and judgements are also related to Shares and participations in group companies namely future earnings in the subsidiary, model used to assess impairment and model critical data input such as discount rate etc, see Note 15.

Tax

Reported tax on net profit for the year includes tax payable or due in respect of the current year, adjustments related to current tax for prior years and changes in deferred tax. All tax liabilities and tax assets are valued at their nominal amounts and based on the tax rules and tax rates that have been enacted or that have been announced and are highly likely to be confirmed. Accordingly, for items recognised in profit or loss, the related tax effects are also recognised in profit or loss. Tax effects from items recognised directly in equity are recognised in equity. Deferred tax is calculated by applying the balance sheet method to all temporary differences between the carrying amounts and tax bases of assets and liabilities.

Deferred tax assets relating to loss carry-forwards or other future tax deductions are recognised to the extent that it is likely that the deduction can be offset against future taxable profits.

#### Dividends paid

Dividends are recognised as liabilities after the Ordinary General Meeting resolves to approve the Board's dividend proposal.

#### Consolidation principles

Subsidiaries are companies over which MFEX Mutual Funds Exchange AB has a controlling influence, meaning a direct or indirect right to formulate a company's financial and operational strategies in order to receive financial benefits. Subsidiaries are consolidated in accordance with the acquisition method from the acquisition date until the date on which the controlling influence ceases.

All intra-Group receivables and liabilities, income, expenses, gains or losses arising from transactions between companies encompassed by the consolidated financial statements are eliminated in their entirety.

#### *Business combinations*

The consolidated cost is determined on the basis of an acquisition analysis performed when the acquisition takes place. As part of the analysis, the fair value of acquired assets and assumed liabilities is established. If the cost exceeds the net value of acquired assets and assumed liabilities, the difference is recognised as goodwill in the balance sheet. The acquisition analysis identifies the assets and values that are not recognised in the acquired company, for example, brands, customer contracts and customer relationships. Intangible assets identified in the acquisition analysis are amortised over an estimated useful life. Goodwill and strong brands that are deemed to have indefinite useful lives are not amortised and instead regularly monitored for any indication of impairment and impairment tested once a year. Transaction costs directly attributable to the acquisition are directly capitalised.

#### *Non-controlling interests*

For each acquisition, the Group decides whether to measure the non-controlling interest in the acquired company at fair value, meaning that goodwill is included in the non-controlling interest, or as a proportionate share of the identifiable net assets. The choice between these two methods is to be made individually for each acquisition. Transactions involving non-controlling interest that do not lead to a loss of control are recognised as equity transactions, meaning transactions with shareholders in their role as owners. A change in the participating interest is recognised by an adjustment to the carrying amounts of the non-controlling interests so that they reflect the changes in their relative holdings in the subsidiaries. In the event of acquisitions from non-controlling interests, the difference between the fair value of the purchase consideration paid and the actual acquired portion of the carrying amount of the subsidiary's participations is recognised in equity. Gains and losses on divestments to non-controlling interests are also recognised in equity.

#### Foreign currency

##### *Translation of transactions in a currency other than Euro*

Transactions in currencies other than Euro are translated to the Euro at the exchange rate on the transaction date. Monetary items (assets and liabilities) in foreign currency are translated to the Euro based on the exchange rate on the balance sheet date. Exchange-rate gains and losses arising on such translations are recognised in profit or loss as the net result of financial transactions. Currency differences arising in foreign long-term loans and liabilities and in the revaluation of bank account balances in a currency different to the accounting currency, are recognised in the net result of financial transactions.

##### *Translation of foreign subsidiaries*

When the consolidated financial statements are prepared, the balance sheets of the Group's foreign operations are translated from their functional currency to the Euro based on the exchange rate on the balance sheet date. The income statement and other comprehensive income are translated at the average rate for the period. The translation differences arising are recognised in other comprehensive income against the translation reserve in equity. If the Group has classified derivatives as the hedging instrument in a hedge of a net investment in a foreign operation, these exchange-rate differences are also recognised in other comprehensive income and accumulated in the translation reserve. The accumulated translation difference is transferred and recognised as part of the capital gains or losses if the foreign operation is divested. Goodwill and adjustments to fair value that are attributable to acquisitions of operations with a different functional currency to EUR are treated as assets and liabilities in the acquired operations' currency and translated at the exchange rate on the balance sheet date.

##### *Translation of foreign branches*

As at 31 December 2022, MFEX Mutual Funds Exchange AB had one branch whose functional currency is the Euro. During the year the branch in the UK was deregistered with functional currency British pound (GBP). The branch with British pounds (GBP) as its functional currency is translated on the basis of the current rate method in the legal entity according to IAS 21. The current rate method implies that net assets are revalued at the balance sheet date rate and that the income statement

is recalculated at the transaction date rate/average rate, with any possible translation differences being reported in Other comprehensive income.

As MFEX Mutual Funds Exchange AB has an ongoing settlement procedure with its foreign branch, a balance arises which is booked on an ongoing basis in GBP while, at the same time, MFEX Mutual Funds Exchange AB has Euro as its functional currency. The currency exposure on monetary items in internal balances between the units is eliminated without generating an exchange rate gain or loss which would, otherwise, be reported in MFEX Mutual Funds Exchange AB's income statement. As this settlement procedure implies that net assets in the foreign branches are reported at equal value, there is no translation exposure and, therefore, no translation effect on equity.

### Revenue

#### *Commission income*

Commission income comprises securities commission and other commission. Securities commission mainly comprises fund commission, custodian fees and transaction-based income. Fund commission and custodian fees are calculated on the fund volume and recognised as income based on actual volume at every point in time. Transaction-based income and other commission is recognised over time, that is, as it is earned. The degree of completion is calculated based on completed performance. If the criteria for recognising the income over time are not satisfied, the income is recognised when the service has been rendered in its entirety. Contract assets arise in the cases when performance has been completed and there is an unconditional right to payment, but where settlement is yet to take place. The Group has no customer contracts with terms of more than one year, which is why the simplification rule is applied, meaning that disclosures do not need to be provided on the scope of signed, but yet to be completed, contracts.

#### *Interest income and interest expenses*

Interest income for lending to credit institutions is recognised as income in the period to which it is attributable. Negative interest on lending to credit institutions and other interest expenses is recognised as an expense in the period in which they are attributable.

#### *Net profit/loss from financial translations*

Profit/loss from financial transactions primarily comprises realised and unrealised gains/losses on currencies.

### Employee benefits

The Group's plans for post-employment benefits include only defined contribution pension plans, with the exception of MFEX France that also has a defined benefit pension plan. In defined contribution plans, the Company makes fixed contributions to a separate legal entity. Once the contribution has been paid, the Company has no further obligations. Employee benefits such as salary and pension are recognised as expenses during the period in which the employee performed the services to which the remuneration refers.

### Lease contracts

The Group's lease contracts refer primarily to rental agreements for office premises. From 1 January 2019, all lease contracts where the Group is the lessee, with the exception of short-term contracts and contracts of a limited value, are reported as right-of-use assets and the equivalent financial liabilities are reported in the consolidated balance sheet. Right-of-use assets are included in tangible fixed assets and the financial liabilities are included in other liabilities. A cost for the write-off of the leased asset and an interest expense on the financial liability are reported in the consolidated income statement.

Assets and liabilities originating from lease contracts are initially reported at the present value of future lease payments when the leased assets are available for use by the Group. Future lease payments are discounted on the basis of the lease contract's implicit interest rate. If this interest rate cannot be easily determined, the lessee's marginal borrowing rate is applied. Lease payments are allocated between amortisation of the liability and the interest. The interest is reported in the income statement over the term of the lease in such a manner that fixed interest rates are determined for the reported lease liability to apply to the respective reporting periods.

Right-of-use assets are usually written off on a straight-line basis over the shorter of the useful life and the lease term. Payments for short-term contracts and contracts where the underlying asset is of a limited value are recognised in income on a straight-line basis in the income statement. A more detailed description of the Group's leasing activities and reporting of these activities is found in Note 11.

### Cash flow statement

The Group's cash-flow statement has been prepared in accordance with the indirect method and presents inward and outward payments regarding the operating activities, investing activities and financing activities for the financial year.

Cash flows attributable to the operating activities primarily derive from the Group's income-generating operations. Net inward and outward payments in the operating activities are calculated by adjusting operating profit for the year for non-

cash items, changes in operating assets and operating liabilities for the year and for items whose cash-flow effect is attributable to investing and financing activities.

Cash and cash equivalents comprise balances with an original maturity of not more than three months, including bonds and other interest bearing securities.

Tangible assets

Tangible assets are recognised as assets in the balance sheet if it is probable that future financial benefits will flow to the Company and the cost of the item can be measured reliably.

Tangible assets are recognised at cost less any accumulated depreciation and impairment. The cost includes the purchase price and the costs directly related to the asset.

Tangible assets are derecognised from the balance sheet on disposal or divestment. Gains and losses are recognised as other operating income or operating expense.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the assets. The useful life of tangible assets is deemed to be five years.

Intangible assets

Intangible assets are recognised as assets in the balance sheet if it is probable that future financial benefits will flow to the Company and the cost of the item can be measured reliably.

An intangible asset is measured at cost on initial recognition in the balance sheet. Following initial recognition, an intangible asset is recognised in the balance sheet at cost less any accumulated amortisation and impairment.

Intangible assets are derecognised from the balance sheet on disposal or divestment. Gains and losses are recognised as other operating income or operating expense.

*Amortisation*

Amortisation takes place straight-line over the useful life and amortisation commences once the asset has started to be used. The carrying amounts and useful lives of the intangible assets are tested at least at the end of the financial year, regardless of whether there is a decline in value, and, if necessary, the amortisation period is adjusted and/or impairment recognised. Intangible assets that are yet to be used are also tested annually even if there is no indication of an impairment requirement.

Brands with indefinite useful lives are not amortised and instead are retested at least at the end of the financial year, regardless of whether there is a decline in value, and, if necessary, impairment recognised.

*Estimated useful lives:*

Capitalised development expenditure	5-10 years
Software	5-8 years
Acquired customer assets	10 years

*Capitalised expenditure for development work*

Capitalised development expenditure is measured as a portion of fair value of the acquired operations less amortisation and any impairment. In addition to the fair value of acquired operations, proprietary development activities are carried out in which cases capitalised development expenditure comprises externally purchased services and capitalised personnel costs. Capitalised expenditure primarily refers to the development of the fund trading and rebate collection platforms and related applications, which provide the Company with long-term financial benefits through either increased income or cost savings.

Expenditure is capitalised as capitalised development expenditure in case of proprietary development takes place when all the following criteria have been met:

- it is technically possible to complete the asset and use or sell it
- the Company has the intention to complete, use or sell the asset
- the Company can show that it is likely that the asset will generate future financial benefits
- adequate technical, economic and other resources are available to complete the development and to utilise or sell the asset
- the Company can reliably measure the expenditure attributable to the asset.

*Software*

Software is measured as a portion of fair value of the acquired operations less amortisation and any impairment. In addition to the fair value of acquired operations, software comprises expenses for software that are recognised as an asset in the

balance sheet when the expenses are expected to generate future financial benefits. Capitalised expenditure for software is amortised from the date on which the software is ready for use, respective during the estimated useful life of the asset.

#### *Customer contracts and customer relationships*

Customer contracts and customer relationships are measured as a portion of fair value of the acquired operations less amortisation and any impairment. The useful life of these assets is sometime many years, which reflects the long-term approach of the underlying operations. The useful life for customer contracts is based on a calculation of how long net payments are expected to be received for these contracts, taking into account legal and financial factors.

#### *Goodwill*

Goodwill arises when the cost of shares in subsidiaries or an acquired operation exceeds the fair value of the acquired assets and liabilities according to the prepared acquisition analysis.

#### *Brands*

Brands are measured as a portion of the fair value when operations are acquired from third parties when the brand has a long-term value and the brand can be sold separately from the remaining operations.

#### Impairment

The recoverable amount of an asset is determined if there is an indication of a decline in value. If the carrying amount of the asset exceeds its recoverable amount, the asset is written down to this recoverable amount. Impairment is recognised through profit or loss. The recoverable amount is the higher of the asset's fair value less selling expenses and its value in use. The value in use is calculated by estimating future inward and outward payments that are discounted to a present value using a discount factor that takes into consideration risk-free interest and the risk associated with the specific asset. For an asset that does not generate cash flows that are significantly independent of other assets, the recoverable amount is calculated for the cash-generating unit to which the asset belongs.

Impairment is reversed if a subsequent increase in the recoverable amount can objectively be attributed to an event that occurred after the impairment was recognised, except for goodwill which is not reversed.

#### Equity

##### *Share capital - Group*

Parent Company's share capital

##### *Other contributed capital - Group*

Refers to equity that has been contributed by the owners. The item includes surpluses paid in conjunction with new share issues.

##### *Reserves - Group*

The reserves refer to translation reserve and the fair value of derivatives hedging the translation differences. The translation differences include all of the exchange rate differs arising in the translation of the financial reports from the foreign companies preparing their financial reports in a currency other than the currency in which the Group's reports are presented. In addition, also the unrealised change in fair value through other comprehensive income is included here which refers to the investment into the unlisted Euroclear Treasury Fund BE-R. For further information see Note 25 and 23.

##### *Downstream merger*

In the downstream merger the merged company's assets and liabilities have been recognised in the acquiring company at their book value. The merger is recognised as of the merger date, 20th of December 2022, but is presented as if it has been merged throughout the year as such the opening balance is adjusted and a corresponding merger difference is recognised.

Merger difference has been calculated based on opening balances in the transferred company, and calculated as the difference between:

- (a) transferred company's recognised values of assets and liabilities that has been acquired through the merger, and
- (b) transferred company's book value of the participations in the acquiring company

The merger difference has been recognised in non-restricted equity. Year 2022 Income Statement of merged company has been recognised in the Income Statement from 1 January 2022.

## Financial instruments

### *Financial Assets*

#### *Classification and measurement*

On initial recognition, a financial asset is classified as measured at amortised cost, Fair Value through Other Comprehensive Income ('FVOCI') or Fair value through profit and loss ('FVPL'). The classification results from a two-step approach: The "cash flow characteristics" test will check whether the cash flows can be considered as Solely Payments of Principal and Interest ('SPPI'), and the business model for managing the asset.

Regular way purchases and sales of financial assets are accounted for at settlement date.

A financial asset is classified and measured at amortised cost if it is not designated as FVPL, and if it meets both of the following conditions: it is held for collection of contractual cash flows (Held to Collect) and its contractual terms give rise to cash flows that represent solely payments of principal and interest ('SPPI'). A financial asset classified and measured at amortised cost is recognised in the balance sheet on settlement date at fair value plus any directly related transaction costs. It is subsequently measured at amortised cost using the effective interest method less any loss allowances.

A financial asset is classified and measured at FVOCI if it is not designated as FVPL, and if it meets both of the following conditions: it is held for collection of contractual cash flows and for selling the assets, and its cash flows represent solely payments of principal and interest. A financial asset classified and measured at FVOCI is recognised in the balance sheet on settlement date at fair value less any directly related transaction costs. Gains or losses arising from changes in the fair value are recognised directly in equity, until the asset is either sold or matures, at which time the cumulative gain or loss previously recognised in equity is released to the income statement. Interest revenues are recognised using the effective interest method.

All other financial assets are measured at FVPL. These assets are initially recognised and subsequently measured at fair value. The movements in fair value are recognised in the income statement.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When available, the group measures the fair value of an instrument as the published price at the balance sheet date. In the case of investments with no listed market price, a valuation technique that maximise the relevant use of observable inputs (e.g. discounted cash flows and market multiples) is applied.

#### *Business model assessment*

A business model refers to how MFEX manages its financial assets in order to generate cash flows. It is determined on a level that reflects how financial assets are managed to achieve a particular business objective. MFEX's objective can be:

- solely to collect the contractual cash flows from the assets ('Held to Collect');
- to collect both the contractual cash flows and cash flows arising from the sale of assets ('Held to Collect and Sell');
- neither of above (e.g. financial assets are held for trading purposes), and then the financial assets are classified as part of 'other' business model.

Factors considered by MFEX in determining the business model for a group of assets include objectives for the portfolios, how the asset's performance and risks are evaluated, managed and reported to management, and past experience.

#### *Reclassifications*

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the group changes its business model for managing financial assets.

#### *Financial liabilities*

Financial liabilities are classified and subsequently measured at amortised cost.

Borrowings are recognised initially at fair value, being the consideration received net of transaction costs incurred. They are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Financial liabilities are derecognised when they are extinguished (when the obligation specified in the contract is discharged, cancelled or expires).

#### *Impairment of financial assets according to IFRS 9*

MFEX Group recognises a loss allowance for expected credit losses ("ECL") on accounts receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The loss allowance is based on a model for expected credit losses.



MFEX Group apply the simplified approach for accounts receivables and contract assets since they are considered not to contain a significant financing component. That is MFEX Group recognise a lifetime expected loss allowance on accounts receivables and contract assets based on a provision matrix applying assessment on relevant loss rates to the accounts receivable balances outstanding (i.e. an accounts receivable age analysis).

For all other assets MFEX Group apply the general approach. In the general approach MFEX Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, MFEX Group measures loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

#### *Definition of default*

MFEX Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including MFEX Group, in full.
- A financial asset is more than 90 days past due unless MFEX Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The following valuation categories apply in the Company:

#### *Financial assets measured at amortised cost – general approach*

Financial assets in this category consist of lending to credit institutions and bonds and other interest bearing securities and are part of a business model whereby contractual cash flows are collected and where these cash flows are comprised solely of payments of principal and interest. MFEX Group recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, MFEX Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Despite the foregoing, MFEX Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations
- Institutions/banks included in lending to credit institutions have a minimum rating equivalent to a long-term S&P rating of A or short-term minimum rating of A-1

Expected credit losses has not been recognised in this category since the amount is considered not material.

#### *Financial assets measured at amortised cost - simplified approach*

Financial assets in this category consist of accounts receivables and contract assets and are initially measured at fair value and, subsequently, at amortised cost using the effective interest method, less allowance for expected credit losses. Expected credit losses are assessed based on their remaining lifetime according to the simplified approach as all financial assets in this category does not contain a significant financing component. The assessment is based on age analysis, payment history, past credit losses and future aspects. Based on past data, expected credit losses are deemed to be limited.

#### *Financial assets valued at fair value through other comprehensive income*

Financial assets in this category consist of shares and participations other and it is held for collection of contractual cash flows and for selling the assets. Gains or losses arising from changes in the fair value are recognised directly in equity, until the asset is either sold or matures, at which time the cumulative gain or loss previously recognised in equity is released to the income statement.

#### *Financial liabilities measured at amortised cost*

Interest-bearing and non-interest-bearing financial liabilities that are not held for trading are included in this category. The financial liabilities are measured at amortised cost by applying the effective interest method.

### *Offsetting*

A financial asset and a financial liability are netted and reported with a net amount in the balance sheet only when there is a legal right to set off the amounts and there is an intention to settle the items with a net amount or to simultaneously realize the asset and settle the liability.

### **The Parent Company's accounting policies**

In addition to above applied Group accounting policies, the differences between the Parent Company's and the Group's accounting policies are described below.

#### Compliance with laws and regulations

The Parent Company applied the Swedish Annual Accounts for Credit Institutions and Investment Firms Act (1995:1559), the statutory International Financial Reporting Standards (IFRS) in accordance with the Regulations and General Recommendations of the Swedish Financial Supervisory Authority on Annual Accounts of Credit Institutions and Investment Firms (FFFS 2008:25), and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

#### Dividends received

Dividends received are recognized in the income statement after the Ordinary General Meeting resolves to approve the Board's dividend proposal.

#### Group contributions and shareholders contributions

In reporting Group contributions, the Company applies the major rule in RFR 2. This implies that Group contributions provided to the Parent Company are reported as dividends, that is, directly in equity, and Group contributions received are, in the same manner, reported as a shareholder's contribution, that is, also directly in equity.

Shareholders contributions provided are reported by the contributor as an increase in shares and participations in Group companies. Shareholders contributions received are reported in the recipient directly against unrestricted equity.

#### Leasing as lessee

As regards costs for operating lease contracts, the Parent Company has chosen to utilise the allowed exemptions from IFRS 16, which implies that lease contracts are reported in the income statement on a straight-line basis over the term of the lease. This leasing refers primarily to the rental of premises.

#### Equity

##### *Share capital – Parent Company*

Parent Company's share capital

##### *Fund for development expenses – Parent Company*

The fund for development expenses comprises restricted equity with the aim of limiting the Parent Company's dividend possibilities in relation to the Parent Company's capitalised development expenditure intangible assets. For more information see Note 23.

##### *Free share premium reserve – Parent Company*

The free share premium reserve is comprised of non-restricted equity and refers to surplus prices paid in conjunction with new share issues.

##### *Fair value reserve – Parent Company*

The fair value reserve include the unrealised change in fair value of the investment into the unlisted Euroclear Treasury Fund BE-R.

Notes that do not refer directly to income statements or balance sheets:

Pledged assets	Note 21
Managed assets not recognised in the balance sheet	Note 22
Capital adequacy analysis	Note 26
Risk management objectives and policies	Note 27
Related party disclosures	Note 28
Events after balance sheet date	Note 29
Proposed appropriation of profit	Note 30

	MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
	2022	2021	2022	2021
<b>2 Commission income</b>				
Securities provisions	47 754	50 125	32 848	30 440
Other provisions	1 674	1 866	-	-
<b>Total</b>	<b>49 428</b>	<b>51 991</b>	<b>32 848</b>	<b>30 440</b>

	MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
	2022	2021	2022	2021
<b>3 Net interest income</b>				
<b>Interest income</b>				
Lending to credit institutions	876	35	379	10
Interest income from subsidiaries	-	-	-	31
Other interest income	-	10	-	-
<b>Total</b>	<b>876</b>	<b>45</b>	<b>379</b>	<b>41</b>

	2022	2021	2022	2021
<b>Interest expense</b>				
Lending to credit institutions	-150	-	-106	-139
Interest expense to subsidiaries	-178	-25	-555	-200
Other interest expenses	-234	-561	1	-26
<b>Total</b>	<b>-562</b>	<b>-586</b>	<b>-661</b>	<b>-365</b>

<b>Total net interest income</b>	<b>314</b>	<b>-541</b>	<b>-281</b>	<b>-325</b>
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	MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
	2022	2021	2022	2021
<b>4 Net profit/loss from financial transactions</b>				
Exchange-rate gains/losses	3 034	118	1 989	3 736
Unrealized change in value of short-term investments	-	79	-	79
Profit from sale of short-term investments	-	-	-	199
<b>Total</b>	<b>3 034</b>	<b>197</b>	<b>1 989</b>	<b>4 014</b>

	MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
	2022	2021	2022	2021
<b>5 Other operating income</b>				
Fund information fees	2 910	1 237	450	520
Other income	1 835	4 484	1 266	904
Intra-Group income	2 220	1 320	7 970	5 484
<b>Total</b>	<b>6 965</b>	<b>7 041</b>	<b>9 686</b>	<b>6 908</b>

	MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
	2022	2021	2022	2021
<b>6 General administrative expenses</b>				
System operation	-3 409	-3 553	-2 681	-3 111
Cost of premises	-914	-1 118	-656	-849
Consultant costs	-6 539	-7 889	-4 584	-5 436
Personnel costs	-38 735	-38 314	-7 404	-7 241
Other operating and administrative costs	-10 988	-13 010	-5 748	-11 490
<b>Total</b>	<b>-60 585</b>	<b>-63 883</b>	<b>-21 072</b>	<b>-28 127</b>

The item personnel costs includes the following amounts:

	MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
	2022	2021	2022	2021
<b>Salaries and other remuneration</b>				
Members of the Board, CEO and senior executives <sup>1</sup>	-929	-3 371	-338	-555
Other employees	-22 419	-20 172	-5 348	-5 172
<b>Total</b>	<b>-23 348</b>	<b>-23 543</b>	<b>-5 686</b>	<b>-5 727</b>
<b>Social security expenses</b>				
Members of the Board, CEO and senior executives <sup>1</sup>	-278	-1 159	-101	-182
Other employees	-8 394	-7 241	-2 492	-2 437
<b>Total</b>	<b>-8 672</b>	<b>-8 399</b>	<b>-2 593</b>	<b>-2 619</b>

<sup>1</sup> The variance compared to prior year is explained by a significant decrease in the number of "Senior Executives" under MFEX employment. The governance framework of the company evolved, and a number of Senior Executives are now Euroclear employees, and therefore not paid directly hence the decrease in amount.

Group:

Of personnel costs, kEUR 2,892 (1,722) was capitalised in the Group. These costs are attributable to internally accrued expenses (see Note 9) and comprise salaries for employed IT developers working on the development of the MFEX platform.

Pension insurance premiums were paid in amount of kEUR 2,113 (-) in the Group, which pertain to defined contribution pension plans that are paid at the earliest from the age of 55 and for at least five years. The Group has no defined benefit pension plans except MFEX France SA that has such plan. Provisions for direct pensions amounted to kEUR 7 (7) for the year.

Parent company:

Of personnel costs, EUR 1,009 thousand (1,332) was capitalised in the Company. These costs are attributable to internally accrued expenses (see Note 9) and comprise salaries for employed IT developers working on the development of the MFEX platform.

Pension insurance premiums were paid in amount of EUR 660 thousand (828) in the Company, which pertain to defined contribution pension plans that are paid at the earliest from the age of 55 and for at least five years. The Company has no defined benefit pension plans. Provisions for direct pensions amounted to EUR 7 thousand (7) for the year.

**Average number of employees in the Group**

	Men	Women	Total
<b>2022</b>	223	142	365
<b>2021</b>	218	135	353

**Average number of employees in the Parent Company**

	Men	Women	Total
<b>2022</b>	61	21	82
<b>2021</b>	63	24	87

Average number of employees per country in the Group	2022		2021	
	Average number of employees	Of which men	Average number of employees	Of which men
Sweden	102	71	98	66
Spain	4	1	5	3
Singapore	6	5	7	6
Hong Kong	2	1	2	1
France	83	46	82	41
UK	3	3	3	3
Italy	3	2	2	2
Luxembourg	76	36	81	47
Switzerland	6	5	5	4
Malaysia	80	52	68	45
Ireland	1	1	-	-
<b>Group total</b>	<b>365</b>	<b>223</b>	<b>353</b>	<b>218</b>

Average number of employees per country in Parent company	2022		2021	
	Average number of employees	Of which men	Average number of employees	Of which men
Sweden	76	58	77	55
UK	-	-	3	3
Italy	3	2	2	2
Spain	4	1	5	3
	<b>82</b>	<b>61</b>	<b>87</b>	<b>63</b>

Gender distribution in executive leadership	MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
	2022	2021	2022	2021
Number of board members <sup>1)</sup>	19	5	6	5
of whom, women	3	-	1	-
Number of senior executives, incl. Managing Director	8	10	5	5
of whom, women	3	2	1	1

1) The company's CEO is registered as both CEO and board member. In the statement above, the CEO has therefore been excluded from the disclosure.

#### Remuneration to senior executives, 8 persons in the Group, and 7 in the Parent Company (in brackets) 2022

Board fees are not paid to Board members who are employed in the Group.  
The Chairman and Board members receive remuneration from the Parent Company,  
other senior executives receive remuneration from the subsidiaries.

	Salary	Bonus	Pension	Board fees
Chief Executive Director and Board member 1(1)	- (-)	- (-)	- (-)	- (-)
Senior executives incl. CEO, 8 (7)	747 (579)	182 (29)	195 (29)	- (-)
Chairman of the Board, 1 (1)	- (-)	- (-)	- (-)	- (-)
Other Board members, 4 (1)	- (-)	- (-)	- (-)	132 (65)

#### Remuneration to CEO 2022

Brigitte Daurelle - from September 15, 2021

Brigitte Daurelle is not employed by MFEX and obtains salary from Euroclear S.A.

	Salary	Pension
	-	-

**Remuneration to senior executives, 15 persons in the Group, and Parent Company (in brackets) 2021**

Board fees are not paid to Board members who are employed in the Group.  
The Chairman and Board members receive remuneration from the Parent Company,  
other senior executives receive remuneration from the subsidiaries.

	<u>Salary</u>	<u>Bonus</u>	<u>Pension</u>	<u>Board fees</u>
Chief Executive Director and Board member, 1	- (989)	- (-)	- (-)	- (-)
Senior executives incl. CEO, 10	2 400 (506)	222 (49)	36 (36)	- (-)
Chairman of the Board, 1	- (-)	- (-)	- (-)	- (-)
Other Board members, 4	- (-)	- (-)	- (-)	29 (-)

**Remuneration to CEO 2021**

	<u>Salary</u>	<u>Pension</u>
Jean Devambe - until September 15, 2021	989	-
Brigitte Daurelle - from September 15, 2021	-	-

Jean Devambe took over as the company's CEO on January 1, 2021 and was replaced by Brigitte Daurelle on January 15, 2021.  
Jean Devambe obtained salary via MFEX France S.A and severance pay amounting to Euro 644 thousand.  
Brigitte Daurelle is not employed by MFEX and obtains salary from Euroclear S.A.

In accordance with the resolution of the Ordinary General Meeting of shareholders, no remuneration has been paid to Board Members. Remuneration of senior executives is determined according to individual contracts. Salary levels are based on adopted criteria according to work duties/targets, skills and contribution to earnings. The Company's Board discusses salary and remuneration issues. Salaries are determined after being discussed by the Board, combined with a decision by the CEO.

No agreements of severance pay exist for the senior executives.

**Audit fees**

	MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Mazars</b>				
Audit assignment	-	-17	-	-
Auditing activities in addition to audit assignment	-	-28	-	-
Tax advisory services	-	-3	-	-
Other services	-	-	-	-7
<b>Total</b>	<b>-</b>	<b>-48</b>	<b>-</b>	<b>-7</b>
	MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>PwC France</b>				
Audit assignment	-	-43	-	-
Auditing activities in addition to audit assignment	-	-	-	-
Tax advisory services	-	-	-	-
Other services	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-43</b>	<b>-</b>	<b>-</b>
	MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Deloitte</b>				
Audit assignment	-672	-551	-217	-185
Auditing activities in addition to audit assignment	-	-	-	-
Tax advisory services	-	-	-	-
Other services	-26	-27	-26	-10
<b>Summa</b>	<b>-698</b>	<b>-578</b>	<b>-243</b>	<b>-195</b>

Audit assignment comprises examination of the annual financial statements, accounting records and administration of the Board and CEO, other procedures required to be carried out by the Company's auditors and advice or other assistance arising from observations made during the performance of such services. Audit activities in addition to the audit assignment refer to other auditing services.

	MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
	2022	2021	2022	2021
<b>7 Other operating expenses</b>				
Marketing expenses	-133	-57	-39	15
Intra-Group expenses	-4 095	-1 032	-27 749	-20 418
Other expenses	-742	-1 525	-346	-462
<b>Total</b>	<b>-4 970</b>	<b>-2 614</b>	<b>-28 134</b>	<b>-20 865</b>

		MFEX (Parent Company)	MFEX (Parent Company)
		2022	2021
<b>8 Leasing fees</b>			
Operating lease, <i>solely non-cancellable rent for premises</i>			
Lease payments, expenses for the year		-574	-599
Remaining lease payments fall due as follows:			
Within one year		314	326
Between one and six years		1 103	533
<b>Total</b>		<b>1 417</b>	<b>859</b>

The most significant rental agreements are MFEX Mutual Funds Exchange AB's offices in Stockholm, Umeå and Madrid.

	MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
	2022	2021	2022	2021
<b>9 Intangible assets</b>				
<i>Capitalised expenditure for development work</i>				
Opening cost	21 776	20 861	19 042	17 057
Internally developed expenditure	1 297	1 721	1 009	3 417
Purchases	1 595	2 085	1 595	-
Disposals for the year	-2 475	-801	-2 475	-801
Reclassifications - assets held for sale	-1 288	-1 408	-	-
Reclassifications	1 095	-631	-	-631
Conversion difference	-	-51	-	-
Impairment	-14 478	-	-13 071	-
Closing accumulated cost	7 522	21 776	6 100	19 042
Opening amortisation	-10 013	-8 444	-9 709	-7 749
Amortisation for the year	-2 684	-3 259	-2 512	-2 951
Disposals for the year	2 475	801	2 475	801
Reclassifications - assets held for sale	1 269	679	-	-
Reclassifications	-3 577	190	-	190
Conversion difference	-	20	-	-
Impairment	8845	-	6875	-
Closing accumulated amortisation	-3 685	-10 013	-2 871	-9 709
<b>Carrying amount</b>	<b>3 837</b>	<b>11 763</b>	<b>3 229</b>	<b>9 333</b>

In the category capitalised development expenditure, cost is amortised according to plan over five to ten years.

	MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
	2022	2021	2022	2021
<i>Software</i>				
Opening cost	1 441	1 059	865	234
Purchases	-	-	-	-
Disposals for the year	-148	-255	-148	-
Reclassifications - assets held for sale	-641	641	-	-
Reclassifications	-	-	-	631
Conversion difference	-	-4	-	-
Impairment	-566	-	-631	-
Closing accumulated cost	86	1 441	86	865
Opening amortisation	-908	-735	-449	-150
Amortisation for the year	-86	-232	-80	-109
Disposals for the year	148	255	148	-
Reclassifications - assets held for sale	200	-200	-	-
Reclassifications	57	-	-	-190
Conversion difference	-	4	-	-
Impairment	529	-	322	-
Closing accumulated amortisation	-60	-908	-59	-449
<b>Carrying amount</b>	<b>26</b>	<b>533</b>	<b>27</b>	<b>416</b>

In the category software, cost is amortised according to plan over five to eight years.

	MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
	2022	2021	2022	2021
<i>Customer contracts and customer relationships</i>				
Opening cost	23 751	24 835	1 259	1 259
Utrangering	-	-	-	-
Acquired operations	-	-	-	-
Reclassifications - assets held for sale	1 104	-1 104	-	-
Sale of intangible assets	-8 759	-	-	-
Conversion difference	-	20	-	-
Impairment	-16 096	-	-1 259	-
Closing accumulated cost	0	23 751	0	1 259
Opening amortisation	-7 085	-5 172	-430	-304
Utrangering	-	-	-	-
Amortisation for the year	-3 018	-2 400	-84	-126
Reclassifications - assets held for sale	-1 104	1 104	-	-
Reclassifications	-	-	-	-
Sale of intangible assets	2 967	-	-	-
Conversion difference	-	-10	-	-
Impairment	8 240	-607	514	-
Closing accumulated amortisation	-	-7 085	-	-430
<b>Carrying amount</b>	<b>-</b>	<b>16 666</b>	<b>-</b>	<b>829</b>

In the category acquired customer assets, cost is amortised according to plan over ten years.



	MFEX (Group) 2022	MFEX (Group) 2021	MFEX (Parent Company) 2022	MFEX (Parent Company) 2021
<i>Goodwill</i>				
Opening cost	53 747	53 747	5 989	5 989
Acquired operations	-	-	-	-
Conversion difference	-	-	-	-
Impairment	-53 747	-	-5 989	-
Closing accumulated cost	-	53 747	-	5 989
Opening amortisation	-6 541	-	-2 046	-1 447
Amortisation for the year	-	-	-399	-599
Impairment	6 541	-6 541	2 445	-
Closing accumulated amortisation	-	-6 541	-	-2 046
<b>Carrying amount</b>	<b>-</b>	<b>47 206</b>	<b>-</b>	<b>3 943</b>
<b>Total carrying amount intangible assets</b>	<b>3 863</b>	<b>76 168</b>	<b>3 257</b>	<b>14 521</b>

	MFEX (Group) 2022	MFEX (Group) 2021	MFEX (Parent Company) 2022	MFEX (Parent Company) 2021
<b>10 Tangible assets</b>				
<i>Inventory</i>				
Opening cost	3 480	3 307	1 390	1 365
Purchases for the year	754	547	200	43
Disposals/sales for the year	-634	-18	-634	-17
Reclassifications - assets held for sale	-5	-208	-	-
Reclassifications	-	-143	-	-
Translation differences for the year	5	-5	-1	-1
Closing accumulated cost	<b>3 600</b>	<b>3 480</b>	<b>955</b>	<b>1 390</b>
Opening depreciation	-2 149	-1 469	-948	-761
Depreciation for the year	-783	-909	-176	-186
Disposals/sales for the year	635	-	635	-
Disposals/scraping for the year	-	-	-37	-
Reclassifications - assets held for sale	4	182	-	-
Reclassifications	-	54	-	-
Translation differences for the year	4	-7	-3	-1
Closing accumulated depreciation	<b>-2 290</b>	<b>-2 149</b>	<b>-529</b>	<b>-948</b>
<b>Carrying amount</b>	<b>1 310</b>	<b>1 330</b>	<b>426</b>	<b>442</b>

	MFEX (Group) 2022	MFEX (Group) 2021	MFEX (Parent Company) 2022	MFEX (Parent Company) 2021
<i>Right-of-use assets, rented premises</i>				
Opening cost	5 021	5 077	-	-
Additional contracts	1 767	424	-	-
Completed contracts	-1 317	-442	-	-
Reclassifications - assets held for sale	-431	-396	-	-
Adjusted discount rate	688	358	-	-
	<b>5 728</b>	<b>5 021</b>	<b>-</b>	<b>-</b>
Opening depreciation	-2 761	-1 655	-	-
Completed contracts	1 891	436	-	-
Depreciation for the year	-1 739	-1 483	-	-
Reclassifications - assets held for sale	179	112	-	-
Adjusted discount rate	-328	-171	-	-
	<b>-2 757</b>	<b>-2 761</b>	<b>-</b>	<b>-</b>
<b>Carrying amount</b>	<b>2 971</b>	<b>2 260</b>	<b>-</b>	<b>-</b>
<b>Total carrying amount tangible assets</b>	<b>4 281</b>	<b>3 590</b>	<b>426</b>	<b>442</b>

The cost of tangible assets is depreciated according to plan at 20% of historical cost. Art is treated as non-depreciable equipment and is, therefore, not depreciated in the accounts. Art amounting to EUR 54 thousand (54) is included in total tangible assets.

	MFEX (Group)	MFEX (Group)
	<b>2022</b>	<b>2021</b>
<b>11 Lease agreements</b>		
<i>Reported amount in the income statement</i>		
Amortisation and depreciation	-1 739	-1 483
Interest on leasing liabilities	-11	-189
Expenses related to short-term leases	-234	-304
Expenses related to low-value leases	-21	-64
<b>Total</b>	<b>-2 005</b>	<b>-2 040</b>
<i>Reported amount in the balance sheet</i>		
<u>Right-of-use assets</u>		
Rented premises	2 971	2 260
Assets held for sale	251	363
<u>Prepaid expenses and accrued income</u>		
Prepaid leasing expenses	-281	-269
Assets held for sale	-38	-33
<b>Total</b>	<b>2 903</b>	<b>2 321</b>
<u>Other liabilities</u>		
Current leasing liabilities	1 642	1 185
Non-current leasing liabilities	1 110	1 086
Liabilities for assets held for sale	232	337
<b>Total</b>	<b>2 984</b>	<b>2 608</b>
<i>Reported amount in the cash-flow statement</i>		
Total outflow of cash and cash equivalents <sup>1)</sup>	-1 868	-1 976
<b>Total</b>	<b>-1 868</b>	<b>-1 976</b>

1) The amount refers to, in addition to paid lease fees relating to the right-of-use assets, payments for assets of a low value and for short-term lease contracts where the exception rules in IFRS 16 have been applied. As a result, this amount is reported as a part of the cash flow from operating activities.

	MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>12 Provision other</b>				
Opening balance	855	-	190	-
Additional provisions	6 670	1 181	385	190
<b>Total</b>	<b>7 526</b>	<b>1 181</b>	<b>575</b>	<b>190</b>

The provisions in MFEX Group are mainly related to severance cost in one of the subsidiaries and in parent company mainly related to dilapidation cost.

	MFEX (Group) <b>2022</b>	MFEX (Group) <b>2021</b>	MFEX (Parent Company) <b>2022</b>	MFEX (Parent Company) <b>2021</b>
<b>13 Tax on profit/loss for the year</b>				
<i>Current tax expense</i>				
Current income tax	-248	-414	-33	2
Adjustments regarding taxes in previous years	-3 628	-	-	-
<i>Deferred tax expense</i>				
Deferred tax acquisitions	-	-	-	-
Deferred tax hedge	-	-	-	-
Deferred tax untaxed reserves	-	11	-	-
Deferred tax relating to loss carry-forwards	3 708	2 437	1 063	-
Deferred tax on other temporary differences	5 725	1 840	2 575	2 320
Change on deferred tax due to change tax rate	643	-	-	-
<b>Total reported tax</b>	<b>6 199</b>	<b>3 874</b>	<b>3 605</b>	<b>2 322</b>
<i>Reconciliation of effective tax rate</i>				
Profit/loss before tax	-74 858	-23 222	-18 865	-19 072
Tax according to the applicable tax rate for the Parent Company 20.6% (20.6%)	15 421	4 784	3 886	3 929
Non-deductible expenses	-10 165	-510	-1 107	-1 669
Non-taxable income	180	226	37	57
Non-assessed loss carry-forwards	1 063	-1 358	1 063	-
Valuation of previous years' carryforwards	-	117	-	-
Adjustments regarding taxes in previous years	-	62	-	30
Standard interest on tax allocation reserve	-	2	-	-
Foreign tax rate	261	549	-	-
Change in tax rate	-	653	-	-
Other	-560	-650	-275	-25
<b>Effective tax</b>	<b>6 199</b>	<b>3 874</b>	<b>3 605</b>	<b>2 322</b>
<i>Deferred tax pertaining to temporary differences</i>				
Opening balance	7 240	2 919	3 966	1 681
Deferred tax recognised in profit or loss	4 799	4 277	3 638	2 320
MFEX Holding Deferred tax relating to loss carry - forwards	-	-	227	-
Deferred tax recognised in statement of comprehensive income	13	-	5	-
Translation differences	11	44	-454	-35
Translation effect on changeover to euro	-	-	-	-
Closing balance at year-end	<b>12 063</b>	<b>7 240</b>	<b>7 381</b>	<b>3 966</b>
<b>Provisions for taxes</b>				
Deferred tax pertaining to untaxed reserves	-	-	-	-
Deferred tax attributable to intangible assets upon acquisition	-	<b>4 271</b>	-	-
<b>Total</b>	<b>-</b>	<b>4 271</b>	<b>-</b>	<b>-</b>
		<b>Acquisitions</b>	<b>Other</b>	<b>Total</b>
<b>Opening balance 2021-01-01</b>		4 089	368	4 457
Through profit or loss		-461	275	-186
Through other comprehensive income		-	-	-
<b>Closing balance 2021-12-31</b>		<b>3 628</b>	<b>643</b>	<b>4 271</b>
		<b>Acquisitions</b>	<b>Other</b>	<b>Total</b>
<b>Opening balance 2022-01-01</b>		3 628	643	4 271
Through profit or loss		-3 628	-643	-4 271
Via other comprehensive income		-	-	-
<b>Closing balance 2022-12-31</b>		<b>-</b>	<b>-</b>	<b>-</b>

Deferred tax, pertaining to temporary differences, relates to loss carry-forwards, totalling Euro 6,283 thousand (2,586). Deferred tax is also attributed to future tax deductions for direct pensions of Euro 28 thousand (28), bad debts of Euro 1,070 thousand (1,312) and to provisions of Euro 0 thousand (39).

	MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
	2022	2021	2022	2021
<b>14 Lending to credit institutions</b>				
Bank balances and cash and cash equivalents	72 410	95 965	29 321	26 416
<b>Total</b>	<b>72 410</b>	<b>95 965</b>	<b>29 321</b>	<b>26 416</b>
	MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
	2022	2021	2022	2021
<b>Bonds and other interest bearing securities</b>				
Term deposit	15 000	-	10 000	-
<b>Total</b>	<b>15 000</b>	<b>-</b>	<b>10 000</b>	<b>-</b>

Lending to credit institutions is payable on demand. Of Parent company bank balances and cash and cash equivalents, foreign currency other than Euro amounts to Euro 254 thousand (187). At the end of 2022, the Company had three shareholder loans of SEK 50 million, Euro 10 million and Euro 2 million. Both shareholder loans are included fully in Lending to credit institutions and also include subsidiary loans of in total Euro 25.5 million. The item Lending to credit institutions includes cash and bank balances of Euro 0.3 thousand (0.3).

	MFEX (Parent Company)	MFEX (Parent Company)
	2022	2021
<b>15 Shares and participations in Group companies</b>		
Opening cost	96 907	91 380
repayment of shareholder contributions/new share issues	6 222	12 675
<b>Closing cost</b>	<b>103 129</b>	<b>104 055</b>
Impairments for the year	-	-7 148
<b>Closing accumulated impairment loss</b>	<b>-</b>	<b>-7 148</b>
<b>Reported value</b>	<b>103 129</b>	<b>96 907</b>
	MFEX (Parent Company)	MFEX (Parent Company)
	2022	2021
<b>Received dividend</b>		
Fondab AB	181	-
<b>Total</b>	<b>181</b>	<b>-</b>

	Result	Equity	2022	2021
<b>Shares and participations in Parent Company</b>				
Fondab AB, Corp. Reg. No. 556697-5560 <sup>1)</sup>	296	3 126	2 283	4062
MFEX Suisse SA, Corp. Reg. No. IDE CHE-305.126.621 <sup>2)</sup>	41	529	580	580
MFEX Singapore Pte. Ltd., Corp. Reg. No. UEN 201629085E <sup>3)</sup>	17	3 047	3 860	3860
Global Fund Watch GFW AB, Corp. Reg. No. 559033-8835 <sup>4)</sup>	5	464	846	846
MFEX France SA, Corp. Reg. No. 2005B17955 <sup>5)</sup>	-3 815	15 422	77 000	69000
MFEX Malaysia SDN. BHD., Corp. Reg. No. 1282744-D <sup>6)</sup>	-3	614	617	617
MFEX Hong Kong Limited, Corp. Reg. No. 2754915 <sup>7)</sup>	3	869	965	965
MFEX Luxembourg S.A., B233039 <sup>8)</sup>	664	18 199	16 977	16977
<b>Total</b>	<b>-2 792</b>	<b>42 271</b>	<b>103 129</b>	<b>96 907</b>

	MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
	2022	2021	2022	2021
<b>15 Shares and participations, other</b>				
Equity Funds <sup>1)</sup>	24 949	-	8 501	-
<b>Total</b>	<b>24 949</b>	<b>-</b>	<b>8 501</b>	<b>-</b>

<sup>2)</sup> Unlisted holdings as of 31 December 2022 refers to Euroclear Treasury Funds BE-R

- 1) Registered office in Stockholm, 100% of the capital and votes, unlisted holding,
- 2) Registered office in Geneva, 100% of the capital and votes, unlisted holding,
- 3) Registered office in Singapore, 100% of the capital and votes, unlisted holding,
- 4) Registered office in Stockholm, 100% of the capital and votes, unlisted holding,
- 5) Registered office in France, 100% of the capital and votes, unlisted holding,
- 6) Registered office in Malaysia, 100% of the capital and votes, unlisted holding,
- 7) Registered office in Hong Kong, 100% of the capital and votes, unlisted holding,
- 8) Registered office in Luxemburg, 100% of the capital and votes, unlisted holding

	MFEX (Group) <b>2022</b>	MFEX (Group) <b>2021</b>	MFEX (Parent Company) <b>2022</b>	MFEX (Parent Company) <b>2021</b>
<b>16 Other assets</b>				
Accounts receivable	183 885	195 431	68 658	78 218
Receivables from Group companies	5	-305	2 786	807
Current tax receivable	732	907	732	758
Other assets	6 034	1 620	8 661	5 857
<b>Total</b>	<b>190 656</b>	<b>197 653</b>	<b>80 837</b>	<b>85 640</b>

	MFEX (Group) <b>2022</b>	MFEX (Group) <b>2021</b>	MFEX (Parent Company) <b>2022</b>	MFEX (Parent Company) <b>2021</b>
<b>17 Prepaid expenses and accrued income</b>				
Prepaid rental charges	159	130	159	127
Accrued interest	290	7	279	7
Accrued income / Contract assets	9 278	7 877	9 410	7 692
Other prepaid expenses	1 623	1 139	524	439
<b>Total</b>	<b>11 349</b>	<b>9 153</b>	<b>10 371</b>	<b>8 265</b>

	MFEX (Group) <b>2022</b>	MFEX (Group) <b>2021</b>	MFEX (Parent Company) <b>2022</b>	MFEX (Parent Company) <b>2021</b>
<b>18 Other liabilities</b>				
Accounts payable	218 779	241 721	63 768	79 382
VAT liabilities	790	897	127	114
Liabilities to Group companies	-579	-670	30 800	17 446
Liabilities to related parties	16 496	14 878	16 669	14 902
Leasing liabilities	1 408	1 063	-	-
Other liabilities	30 062	20 224	24 270	16 397
<b>Total</b>	<b>266 955</b>	<b>278 113</b>	<b>135 634</b>	<b>128 241</b>

	MFEX (Group) <b>2022</b>	MFEX (Group) <b>2021</b>	MFEX (Parent Company) <b>2022</b>	MFEX (Parent Company) <b>2021</b>
<b>19 Accrued expenses and deferred income</b>				
Accrued social security contributions	1 280	1 672	119	119
Accrued holiday pay	1 926	1 970	415	480
Accrued interest	2 286	5 270	568	91
Accrued expenses related parties	3 469	-	-	-
Other accrued expenses & deferred income	-	1 925	2 602	1 274
<b>Total</b>	<b>8 960</b>	<b>10 837</b>	<b>3 704</b>	<b>1 964</b>

	MFEX (Group) <b>2022</b>	MFEX (Group) <b>2021</b>
<b>20 Assets held for sale</b>		
<b>Assets held for sale - Fondab AB</b>		
Lending to credit institutions	2 189	3 983
Intangible assets	747	729
Tangible assets	278	26
Other assets	296	563
Prepaid expenses and accrued income	986	1 132
<b>Total</b>	<b>4 496</b>	<b>6 433</b>

**Liabilities for assets held for sale - Fondab AB**

Other liabilities	2 766	3 347
Accrued expenses and deferred income	180	399
<b>Total</b>	<b>2 946</b>	<b>3 746</b>

<b>Total</b>	<b>1 550</b>	<b>2 687</b>
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	MFEX (Group) <b>2022</b>	MFEX (Group) <b>2021</b>
<b>Net income from operations held for sale</b>		

**Operating income**

Commission income	2 516	4 661
Interest income	444	25
Interest expense	-1	-1
Net profit/loss from financial transactions	1 470	485
<b>Other operating income</b>	<b>4 429</b>	<b>5 170</b>

**Operating expenses**

General administrative expenses	-3 659	-3 223
Depreciation/impairment of tangible and intangible assets	-338	-198
Other operating expenses	-51	-61
<b>Total operating expenses</b>	<b>-4 048</b>	<b>-3 483</b>

Tax on profit/loss for the year	-85	-195
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<b>Net income from operations held for sale</b>	<b>296</b>	<b>1 492</b>
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	MFEX (Group) <b>2022</b>	MFEX (Group) <b>2021</b>	MFEX (Parent Company) <b>2022</b>	MFEX (Parent Company) <b>2021</b>
<b>21 Pledged assets</b>				
Pledged assets that guarantee direct pensions to employees	137	142	137	142
Pledged shares in MFEX France SA, (99,99%)	-	68 993	-	68 993
<b>Total</b>	<b>137</b>	<b>69 135</b>	<b>137</b>	<b>69 135</b>

	MFEX (Group) <b>2022</b>	MFEX (Group) <b>2021</b>	MFEX (Parent Company) <b>2022</b>	MFEX (Parent Company) <b>2021</b>
<b>22 Managed assets not recognised in the balance sheet</b>				
Client's assets	116 720	149 027	59 507	80 157
<b>Total</b>	<b>116 720</b>	<b>149 027</b>	<b>59 507</b>	<b>80 157</b>

Managed assets acquired in the name of a third party are not recognised in the balance sheet.

### 23 Equity

Number of outstanding shares in the parent company	Number
2021-12-31	17 615 365
Nothing to report	-
<b>2022-12-31</b>	<b>17 615 365</b>

	MFEX (Group) <b>2022</b>	MFEX (Group) <b>2021</b>
<i>Translation reserves (including tax)</i>		
At the beginning of the year	155	159
Translation differences from translation of net assets in subsidiaries	129	-4
<b>Total</b>	<b>285</b>	<b>155</b>

	MFEX (Parent Company) <b>2022</b>	MFEX (Parent Company) <b>2021</b>
<i>Development expenditures fund</i>		
At the beginning of the year	9 075	8 439
Provision for the year	297	3 416
Amortisation for the year	-125	-2 780
Impairment for the year	-5 918	
<b>Total</b>	<b>3 329</b>	<b>9 075</b>

### Downstream merger

During the year MFEX Holding AB (corp. Reg. No. 559097-5735) was merged into MFEX Mutual Funds Exchange AB through a downstream merger. The merger is recognized as of the merger date is 20th of December 2022, but is presented as if it has been merged throughout the year as such the opening balance is adjusted and a corresponding merger difference is recognized. MFEX Holding AB net results of -390 kEUR is included in MFEX Mutual Funds Exchange AB income statement during 2022 until the registration of the merger with Swedish Companies Registration Office. See further below condensed balance sheet presenting the size of the transferring company (MFEX Holding AB) assets and liabilities immediately preceding the transfer to the acquiring company (MFEX Mutual Funds Exchange AB).

Merger difference calculation	MFEX Mutual Funds Exchange		
	AB	MFEX Holding AB	Merger
<b>Condensed Balance Sheet</b>	<b>2021-12-31</b>	<b>2021-12-31</b>	<b>2021-12-31</b>
<b>Assets</b>			
Lending to credit institutions	26 416	18 168	44 584
Deferred tax asset	3 966	227	4 193
Other assets	85 640	1	85 641
Remaining assets	120 136		120 136
<b>Total assets</b>	<b>236 158</b>	<b>18 396</b>	<b>254 554</b>
<b>Liabilities and provisions</b>			
Other liabilities	128 241	23	128 264
Accrued expenses and deferred income	1 964	82	2 046
Provisions	190		190
Total liabilities and provisions	130 395	105	130 500
<b>Equity</b>			
Share capital	169		169
Statutory reserve	1 453		1 453
Development expenditures fund	9 075		9 075
Total restricted equity	10 697	-	10 697
Free share premium reserve	10 351		10 351
Retained earnings	101 465		101 465
Merger difference recognised in equity		18 291	18 291
Profit/loss for the year	-16 750		-16 750
Total non-restricted equity	95 066	18 291	113 357
Total equity	105 763	18 291	124 054
<b>Total liabilities, provisions and equity</b>	<b>236 158</b>	<b>18 396</b>	<b>254 554</b>

**24 Terms for assets and liabilities – non-discounted cash flows**

Remaining time to maturity

*Group – 31 Dec 2022*

Assets	Payable on demand	< 12 months	1-5 years	Without maturity	Total
Lending to credit institutions	72 410	-	-	-	72 410
Bonds and other interest bearing securities	-	15 000	-	-	15 000
Shares and participations, other	-	-	-	24 949	24 949
Intangible assets	-	-	-	3 863	3 863
Tangible assets	-	-	-	4 280	4 280
Deferred tax assets	-	-	12 063	-	12 063
Other assets	-	190 653	-	-	190 653
Accrued income / Contract assets	-	11 349	-	-	11 349
Assets held for sale	-	4 496	-	-	4 496
<b>Total assets</b>	<b>72 410</b>	<b>221 498</b>	<b>12 063</b>	<b>33 092</b>	<b>339 063</b>

Liabilities and provisions	Payable on demand	< 12 months	1-5 years	Without maturity	Total
Other liabilities	-	266 955	-	-	266 955
Accrued expenses and deferred income	-	8 960	-	-	8 960
Other provisions	-	-	7 526	-	7 526
Liabilities for assets held for sale	-	2 946	-	-	2 946
<b>Total liabilities and provisions</b>	<b>-</b>	<b>278 862</b>	<b>7 526</b>	<b>-</b>	<b>286 388</b>

*Parent Company – 31 Dec 2022*

Assets	Payable on demand	< 12 months	1-5 years	Without maturity	Total
Lending to credit institutions	29 321	-	-	-	29 321
Bonds and other interest bearing securities	-	10 000	-	-	10 000
Shares and participations in Group companies	-	-	-	103 129	103 129
Shares and participations, other	-	-	-	8 501	8 501
Intangible assets	-	-	-	3 257	3 257
Tangible assets	-	-	-	426	426
Deferred tax assets	-	-	7 381	-	7 381
Other assets	-	80 837	-	-	80 837
Prepaid expenses and accrued income	-	10 371	-	-	10 371
<b>Total assets</b>	<b>29 321</b>	<b>101 208</b>	<b>7 381</b>	<b>115 313</b>	<b>253 222</b>

Liabilities	Payable on demand	< 12 months	1-5 years	Without maturity	Total
Other liabilities	-	106 965	28 669	-	135 634
Accrued expenses and deferred income	-	3 704	-	-	3 704
<b>Total liabilities</b>	<b>-</b>	<b>110 669</b>	<b>28 669</b>	<b>-</b>	<b>139 338</b>



*Group – 31 Dec 2021*

<u>Assets</u>	Payable on demand	< 12 months	1-5 years	Without maturity	Total
Lending to credit institutions	95 966	-	-	-	95 966
Intangible assets	-	-	-	76 168	76 168
Tangible assets	-	-	-	3 590	3 590
Deferred tax assets	-	-	7 240	-	7 240
Other assets	-	197 653	-	-	197 653
Accrued income / Contract assets	-	9 153	-	-	9 153
Assets held for sale	-	6 433	-	-	6 433
<b>Total assets</b>	<b>95 966</b>	<b>213 239</b>	<b>7 240</b>	<b>79 758</b>	<b>396 203</b>

<u>Liabilities and provisions</u>	Payable on demand	< 12 months	1-5 years	Without maturity	Total
Other liabilities	-	278 113	-	-	278 113
Accrued expenses and deferred income	-	10 837	-	-	10 837
Provisions for taxes	-	4 271	-	-	4 271
Other provisions	-	-	1 181	-	1 181
Liabilities for assets held for sale	-	3 746	-	-	3 746
<b>Total liabilities and provisions</b>	<b>-</b>	<b>296 967</b>	<b>1 181</b>	<b>-</b>	<b>298 148</b>

*Parent Company – 31 Dec 2021*

<u>Assets</u>	Payable on demand	< 12 months	1-5 years	Without maturity	Total
Lending to credit institutions	26 416	-	-	-	26 416
Shares and participations in Group companies	-	-	-	96 907	96 907
Intangible assets	-	-	-	14 522	14 522
Tangible assets	-	-	-	442	442
Deferred tax assets	-	-	3 966	-	3 966
Other assets	-	85 640	-	-	85 640
Prepaid expenses and accrued income	-	8 265	-	-	8 265
<b>Total assets</b>	<b>26 416</b>	<b>93 905</b>	<b>3 966</b>	<b>111 871</b>	<b>236 158</b>

<u>Liabilities</u>	Payable on demand	< 12 months	1-5 years	Without maturity	Total
Other liabilities	-	103 339	24 902	-	128 241
Accrued expenses and deferred income	-	1 964	-	-	1 964
<b>Total liabilities</b>	<b>-</b>	<b>105 303</b>	<b>24 902</b>	<b>-</b>	<b>130 205</b>

There are no assets or liabilities in the Group or Parent Company with a remaining term of up to 3 months, or more than 3 months up to 1 year, or a remaining term of more than 5 years.

## 25 Financial instruments

Group – 31 Dec 2022

	Amortised cost	Fair value through profit/loss	Fair value through OCI	Total
<b>Financial assets</b>				
Lending to credit institutions	72 410	-	-	72 410
Bonds and other interest bearing securities	15 000	-	-	15 000
Shares and participations, other	-	-	24 949	24 949
Other assets	189 916	-	-	189 916
Accrued income / Contract assets	9 278	-	-	9 278
<b>Financial liabilities</b>				
Other liabilities	266 745	-	-	266 745
Accrued expenses	7 681	-	-	7 681

Parent Company – 31 Dec 2022

	Amortised cost	Fair value through profit/loss	Fair value through OCI	Total
<b>Financial assets</b>				
Lending to credit institutions	29 321	-	-	29 321
Bonds and other interest bearing securities	10 000	-	-	10 000
Shares and participations, other	-	-	8 501	8 501
Other assets	77 319	-	-	77 319
Accrued income / Contract assets	9 410	-	-	9 410
<b>Financial liabilities</b>				
Other liabilities	135 506	-	-	135 506
Accrued expenses	3 586	-	-	3 586

Group – 31 Dec 2021

	Amortised cost	Fair value through profit/loss	Fair value through OCI	Total
<b>Financial assets</b>				
Lending to credit institutions	95 966	-	-	95 966
Other assets	197 051	-	-	197 051
Accrued income / Contract assets	7 877	-	-	7 877
<b>Financial liabilities</b>				
Other liabilities	277 886	-	-	277 886
Accrued expenses	7 877	-	-	7 877

Parent Company – 31 Dec 2021

	Amortised cost	Fair value through profit/loss	Fair value through OCI	Total
<b>Financial assets</b>				
Lending to credit institutions	26 416	-	-	26 416
Other assets	84 075	-	-	84 075
Accrued income / Contract assets	7 692	-	-	7 692
<b>Financial liabilities</b>				
Other liabilities	128 127	-	-	128 127
Accrued expenses	1 845	-	-	1 845

*Group 31 Dec 2022*

Financial instruments valued at fair value	Level 1	Level 2	Level 3
Equity funds	-	24 949	-
<b>Total</b>	-	<b>24 949</b>	-

*Parent company 31 Dec 2022*

Financial instruments valued at fair value	Level 1	Level 2	Level 3
Equity funds	-	8 501	-
<b>Total</b>	-	<b>8 501</b>	-

*Group 31 Dec 2021*

Financial instruments valued at fair value	Level 1	Level 2	Level 3
Equity funds	-	-	-
<b>Total</b>	-	-	-

*Parent company 31 Dec 2021*

Financial instruments valued at fair value	Level 1	Level 2	Level 3
Equity funds	-	-	-
<b>Total</b>	-	-	-

The Company uses the following hierarchy to determine and present the fair value of financial instruments per the valuation method:

*Level 1:* quoted (unadjusted) prices from financial markets for identical assets and liabilities.

*Level 2:* other valuation methods where all input data that has a significant effect on the stated fair value is observable data, either directly or indirectly.

*Level 3:* valuation method where input data that has a significant effect on stated fair value is not based on observable market information.

During the reporting period ending 31 December 2022, no fair value transfers were made between the levels.

	MFEX (Group) <b>2022</b>	MFEX (Group) <b>2021</b>	MFEX (Parent Company) <b>2022</b>	MFEX (Parent Company) <b>2021</b>
Equity funds				
<b>Opening balance</b>	-	-	-	-
Acquisition of instrument	25 027	-	8 528	-
Fair value adjustment	-78	-	-27	-
<b>Closing balance</b>	<b>24 949</b>	-	<b>8 501</b>	-

**26 Capital adequacy analysis**

For the determination of MFEX Mutual Funds Exchange AB ("MFEX")'s statutory capital requirements, the Act (2014:968) on special supervision of credit institutions and investment firms and IFR apply.

IFR (Investment Firms Regulation) /IFD (Investment Firms Directive) replaced CRR/CRD for all securities companies during the year from 26 June 2021. During the first 5 years, there are transition rules implying that the companies can apply a lower capital adequacy requirement which is equivalent to two times the Pillar 1 requirement according to the version of CRR Regulation (EU) No. 575/2013, which would have been applicable if MFEX had continued to be covered by the capital adequacy requirements in the regulation in its changed wording according to Regulation (EU) 2019/630. As a consequence of the acquisition by Euroclear, MFEX investment firm group was dissolved in Q4 2021, and MFEX is now part of the Euroclear banking group.

Internal capital and risk assessment (ICARA)

MFEX shall make an assessment of the internal Pillar II capital requirement (ICARA). This assessment is forward-looking and is based on the company's strategic plans. In the assessment, all significant risks must be taken into account. The assessment is conducted by comparing the regulatory capital requirements with the company's internally assessed capital requirements. If any of the internally assessed requirements exceed the regulatory requirement, the difference is allocated as a supplement.

The ICARA report is prepared by MFEX at least once per year, or more frequently if significant changes have occurred in the firm. The risk function is responsible for the implementation of the report. The ICARA is the basis for current and future operations and includes a financial buffer for unforeseen events based on stress tests. The process also includes assessing whether management and control is effective in managing and controlling MFEX risks. The ICARA is used as a basis for decisions regarding the capital structure in, for example, decisions on dividends.

The ICARA exercise conducted early 2023 and approved by the Board demonstrates that MFEX has sufficient projected financial resources at its disposal to cover the risks to which the company is or could be exposed within the next 3 year time horizon.

**Capital requirement – Pillar I**

According to IFR, the new Pillar I requirement is based on the highest of the Permanent minimum capital requirement, the K-factor requirement and Fixed overheads requirement. MFEX has chosen to apply the transitional provisions according to Article 57 of IFR, which limits the capital requirement to a maximum of twice the capital requirement according to CRR.

Permanent minimum capital requirement

In accordance with Article 14 of IFR, MFEX has a minimum capital requirement corresponding to KEUR 150.

K-factor requirement

The K-factor requirement is calculated for RtC, RtF and RtM in accordance with Article 15 of IFR. A summary of the company's risks related to the above categories is shown in the table below.

<b>Risk-to-Client (RtC)</b>	The company calculates a capital requirement based on the K-factors K-CMH, K-ASA and K-COH in the category RtC.
<b>Risk-to-Market (RtM)</b>	The company has no exposures in the category RtM.
<b>Risk-to-Firm (RtF)</b>	The company calculates a capital requirement based on the K-factor K-DTF in the category RtF.

An evaluation of MFEX K-factor requirements is given in the table below.

*K-factor requirement, KEUR*

Risk category	Amount		K-factor requirement	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
RtC			38 977	39 939
- Of which: K-CMH	67 299	88 320	269	353
- Of which: K-ASA	96 425 982	98 602 892	38 570	39 441
- Of which: K-COH	137 546	144 660	138	145
RtF			296	285
- Of which: K-DTF	295 538	284 904	296	285
RtM			-	-
<b>Total</b>			<b>39 273</b>	<b>40 224</b>

Fixed overheads requirement

The capital requirement based on fixed overheads is calculated as 25% of the previous year's fixed overheads in accordance with Article 13 of IFR. A summary is given in the table below.

*Fixed overheads requirement, KEUR*

Entry	Amount	
	2022-12-31	2021-12-31
Total expenses of the previous year after distribution of profits	63 948	40 386
Total deductions	-	-3 445
Total fixed overheads of the previous year	63 948	36 941
<b>Fixed overheads requirement</b>	<b>15 987</b>	<b>9 235</b>

Transitional provisions

The capital requirement under the transitional provisions under Article 57 of the IFR is calculated as two times 8% of the total risk exposure amount in accordance with CRR.

Total Pillar I requirement

The total capital requirement (Pillar I) is shown in the table below.

*Total capital requirement, KEUR*

Entry	Amount	
	2022-12-31	2021-12-31
Permanent minimum capital requirement	150	150
Fixed overheads requirement	15 987	9 235
K-factor requirement	39 273	40 224
Capital requirement based on transitional provisions	34 405	35 351
<b>Total capital requirement (transitional provisions)</b>	<b>34 405</b>	<b>35 351</b>

**Information on own funds, KEUR**

**Template EU IF CC1.01 -  
Composition of regulatory own  
funds (Investment firms other  
than small and non-  
interconnected)**

		a)		b)
		Amounts		Source based on reference numbers/letters of the balance sheet in the audited financial statements
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>				
		<b>2022-12-31</b>	<b>2021-12-31</b>	
<b>1</b>	OWN FUNDS	104 908	92 704	
<b>2</b>	TIER 1 CAPITAL	104 908	92 704	
<b>3</b>	COMMON EQUITY TIER 1 CAPITAL	104 908	92 704	
<b>4</b>	Fully paid up capital instruments	169	169	FPCI
<b>5</b>	Share premium	10 351	10 351	SP
<b>6</b>	Retained earnings	113 288	101 468	RE
<b>7</b>	Accumulated other comprehensive income	-21	-	OCI
<b>8</b>	Other reserves	4 782	10 528	RES
<b>9</b>	Minority interest given recognition in CET1 capital			
<b>10</b>	Adjustments to CET1 due to prudential filters			
<b>11</b>	Other funds			
<b>12</b>	(-)-TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-23 662	-29 811	
<b>13</b>	(-) Own CET1 instruments			
<b>14</b>	(-) Direct holdings of CET1 instruments			
<b>15</b>	(-) Indirect holdings of CET1 instruments			
<b>16</b>	(-) Synthetic holdings of CET1 instruments			
<b>17</b>	(-) Losses for the current financial year	-15 260	-16 752	LY
<b>18</b>	(-) Goodwill		-3 943	IA
<b>19</b>	(-) Other intangible assets	-1 020	-5 149	IA
<b>20</b>	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-6 306	-2 586	DTA
<b>21</b>	(-) Qualifying holding outside the financial sector which exceeds 15% of own funds			
<b>22</b>	(-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds			
<b>23</b>	(-) CET1 instruments of financial sector entities where the institution does not have a significant investment			
<b>24</b>	(-) CET1 instruments of financial sector entities where the institution has a significant investment			
<b>25</b>	(-) Defined benefit pension fund assets			
<b>26</b>	(-) Other deductions	-1 076	-1 379	OD
<b>27</b>	CET1: Other capital elements, deductions and adjustments			
<b>28</b>	ADDITIONAL TIER 1 CAPITAL			

<b>29</b>	Fully paid up, directly issued capital instruments			
<b>30</b>	Share premium			
<b>31</b>	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1			
<b>32</b>	(-) Own AT1 instruments			
<b>33</b>	(-) Direct holdings of AT1 instruments			
<b>34</b>	(-) Indirect holdings of AT1 instruments			
<b>35</b>	(-) Synthetic holdings of AT1 instruments			
<b>36</b>	(-) AT1 instruments of financial sector entities where the institution does not have a significant investment			
<b>37</b>	(-) AT1 instruments of financial sector entities where the institution has a significant investment			
<b>38</b>	(-) Other deductions			
<b>39</b>	Additional Tier 1: Other capital elements, deductions and adjustments			
<b>40</b>	TIER 2 CAPITAL			
<b>41</b>	Fully paid up, directly issued capital instruments			
<b>42</b>	Share premium			
<b>43</b>	(-) TOTAL DEDUCTIONS FROM TIER 2			
<b>44</b>	(-) Own T2 instruments			
<b>45</b>	(-) Direct holdings of T2 instruments			
<b>46</b>	(-) Indirect holdings of T2 instruments			
<b>47</b>	(-) Synthetic holdings of T2 instruments			
<b>48</b>	(-) T2 instruments of financial sector entities where the institution does not have a significant investment			
<b>49</b>	(-) T2 instruments of financial sector entities where the institution has a significant investment			
<b>50</b>	Tier 2: Other capital elements, deductions and adjustments			

**Template EU IFCC2: Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements, KEUR**

		a		c
		Balance sheet as in published/ audited financial statements		Cross reference to EU IF CC1
		As at period end		
<b>Assets – Breakdown by asset classes according to the balance sheet in the published/audited financial statements</b>				
		<b>2022-12-31</b>	<b>2021-12-31</b>	
1	Lending to credit institutions	29 321	26 416	
2	Bonds and other interest bearing securities	10 000	-	
3	Shares and participations in Group companies	103 129	96 907	
4	Shares and participations, other	8 501	-	
5	Intangible assets	3 257	14 522	IA
6	Tangible assets	426	442	
7	Deferred tax assets	7 381	3 966	DTA, OD
8	Other assets	80 837	85 640	
9	Prepaid expenses and accrued income	10 371	8 265	
10	<b>Total Assets</b>	<b>253 222</b>	<b>236 158</b>	
<b>Liabilities and Provisions – Breakdown by liability classes according to the balance sheet in the published/audited financial statements</b>				
1	Other liabilities	135 634	128 241	
2	Accrued expenses and deferred income	3 704	1 964	
3	Provisions	575	190	
4	<b>Total Liabilities and Provisions</b>	<b>139 913</b>	<b>130 395</b>	
<b>Shareholders' Equity</b>				
1	Share capital	169	169	FPCI
2	Statutory reserve	1 453	1 453	RES
3	Development expenditures fund	3 329	9 075	RES
4	Free Share premium reserve	10 351	10 351	SP
5	Fair value reserve	-21	-	OCI
5	Retained earnings	113 288	101 465	RE
6	Profit/loss for the year	-15 260	-16 750	LY
7	<b>Total Shareholders' equity</b>	<b>113 309</b>	<b>105 763</b>	



**Template EU IF CCA: Own funds: main features of own instruments issued by the firm**

		a
1	Issuer	MFEX Mutual Funds Exchange AB
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Public or private placement	Private
4	Governing law(s) of the instrument	Swedish law
5	Instrument type (types to be specified by each jurisdiction)	Share capital
6	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	0,169 MEUR
7	Nominal amount of instrument	168 729,55 EUR
8	Issue price	168 729,55 EUR
9	Redemption price	N/A
10	Accounting classification	Equity
11	Original date of issuance	1998-09-03
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity date
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
22	Existence of step up or other incentive to redeem	N/A
23	Noncumulative or cumulative	N/A
24	Convertible or non-convertible	N/A
25	If convertible, conversion trigger(s)	N/A
26	If convertible, fully or partially	N/A
27	If convertible, conversion rate	N/A
28	If convertible, mandatory or optional conversion	N/A
29	If convertible, specify instrument type convertible into	N/A
30	If convertible, specify issuer of instrument it converts into	N/A
31	Write-down features	N/A
32	If write-down, write-down trigger(s)	N/A
33	If write-down, full or partial	N/A
34	If write-down, permanent or temporary	N/A
35	If temporary write-down, description of write-up mechanism	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A
38	Link to the full term and conditions of the instrument (signposting)	See Articles of Association
(1) Insert 'N/A' if the question is not applicable		

## 27 Risk management objectives and policies

Risk is inherent in the business operations of MFEX. The risk management framework for MFEX and the Group allows the organization to continuously evaluate and assess the risk exposure. The risk management framework is an integrated part of the decision-making process of the Group and thus contribute to the fulfilment of the objectives of the organization. Furthermore, the risk management framework incorporates strategies, processes and reporting lines that are necessary to continuously identify, assess, manage, control and report the risks associated with the business. As such the risk management framework is key for a true and fair internal capital and liquidity adequacy assessment.

Risk shall be kept at the lowest level possible while considering business strategy, market sentiment, regulatory requirements and capacity to absorb losses through earnings and capital. Risks that are not supported by established business plans shall not be taken. Risk management shall be conducted according to sound practice so that the relationship between risk and expected return is optimized.

### Overview of MFEX risks and risk exposures

MFEX's operations primarily entail exposure to operational risks since the companies do not conduct any lending activities or maintain their own trading book. MFEX is active in identifying and managing the operational risks that arise in the business. This is achieved by charting and monitoring the material processes, internal limits and risk indicators in operations. MFEX's risk function also performs regular controls and recurring risk analyses. MFEX's risk management is, moreover, subject to regular evaluation through internal audits. MFEX pays particular attention to ensure that operations are always conducted without disruptions and interruption which is achieved by using fully redundant solutions for key components such as power, network, workplace, data storage and computer capacity, as well as well-developed work with business continuity management.

Since implementation of IFR (Investment Firms Regulation) MFEX has mapped its internally assessed risk with risk definitions according to IFR. According to IFR, risks are to be categorized into Risk-to-Firm ("RtF"), Risk-to-Client ("RtC"), Risk-to-Market ("RtM") and Liquidity risk. MFEX has categorized their risks according to the table below.

Assessed risks	Risk type	Risk area
Credit risk	RtF, RtC	Bank deposits and claims against fund companies
Market risk	RtF	FX positions held in trading process and FX positions held in rebates collection
Operational risk	RtC, RtF	Identified largest operational risks
Business risk	RtF	Risk that the company is not achieving its aimed, predicted financial results or the risk to its solvency or ability to meet capital requirements, for instance due to unexpected decrease in profitability; improper business decisions; lack of responsiveness towards changes impacting business objectives
Strategic risk	RtF	Strategic Risk to the company's existence and ability to deliver its strategy arising from, for instance: <ul style="list-style-type: none"> <li>- drastic changes in MFEX's competitive environment, impacting its strategy and business model, or lack of appropriate adaptation of its business model;</li> <li>- inappropriate strategic decisions or lack of decisions taken;</li> <li>- inappropriate implementation of strategy;</li> <li>- lack of a fit for purpose technology, IT infrastructure and software;</li> <li>- inappropriate talent management</li> </ul>
Reputational risk	RtF	Damage to the MFEX brand
Concentration risk	RtF	Risk associated with exposures highly concentrated on limited number of clients, counterparties, countries, business segments
Interest rate risk	RtF	Sensitivity to changes in interest rates due to mismatch between long/short term lending/borrowing
Liquidity risk	Liquidity	Risk that MFEX does not have liquid assets available to meet its short-term obligations.

### Credit risk

Credit risk is the risk of financial loss due to a counterparty's failure to meet its obligations. MFEX conducts no lending operations but is exposed to credit risk in the form of deposits in bank and trading accounts as well as custody activity and rebates collection. The credit risk that arises from bank deposits is a risk that targets the firm directly and is thus recognized as a risk to firm and shall be assigned to RtF. On the other hand, trading, rebate and fee collections is considered a risk to client since disturbances in this process could cause delays in payments and ultimately costs for the clients. These risks will therefore be assigned to RtC.

To limit the credit risk that arises from bank and trading accounts, MFEX deposits funds only with institutions/banks with a minimum rating requirement equivalent to a long-term S&P rating of A or short-term minimum rating of A-1. MFEX further continuously monitors the development of the deposit bank rating, and the risk control function provides quarterly reports to the board. To limit credit risk that arises from the rebates collection operations MFEX has a distributor agreement which allows for MFEX to retrieve any advance rebate payments to distributors if a fund company defaults in paying rebates to MFEX. Further, MFEX is also restrictive and will not enter into fund company agreements with a current or expected distressed financial situation.

### Market risk

MFEX is not engaged in trading on its own books, rather market risks comprise risk due to movements in market prices due to e.g., changes in foreign exchange (FX) rates, interest rates, commodity prices and the stock markets. Due to the business model, MFEX is exposed to market risk primarily in the form of FX risk and stock market risk. The FX risk is materialised in the trading- and the rebates processes. Market risk is a risk that targets the firm directly and is thus recognized as a risk to firm and shall be assigned to RtF.

Market risks that arise from trading and custody accounts are limited by adding an additional spread to exchange rates to cover for the risk of potential losses due to movements in currencies. Open FX-positions in the trading flow are monitored on a daily basis. Market risks that arise from rebates collection is limited by performing a currency exchange to cover for remaining currency differences after netting assets and liabilities have been done.

### Operational risk

Operational risk is the risk of losses resulting from inadequate or failed internal processes, people, and systems or from external events. It is inherent in every business organisation and covers a wide spectrum of issues.

The operational risks are classified into the following categories:

- Legal Risk
- Compliance Risk
- HR Risk
- Personnel Risk
- Process and Product Risk
- IT Risk
- Third party Risk

The operational risks affect both the firm directly and the clients, depending on the individual risk. The operational risks that affect the firm are those that affect the support functions such as Finance or Human Resources and the control functions and are assigned to RtF. The operational risks that affect the clients are mainly linked to the Operations and IT functions and are assigned to RtC. To identify and assess operational risk for MFEX Group self-assessments are performed. Relevant operational risks are identified and their materiality is assessed by determining inherent and residual risk in terms of impact and probability and taking into account the control environment in the analysis.

The technical development and support of MFEX's technical trading platform and IT security is highly important for sound and long-term profitability. It is therefore part of MFEX's strategy to constantly develop and improve its IT system. MFEX has implemented processes with efficient controls of system development, change management, incident management and authorisation management that are also part of the audit in the MFEX ISAE 3402 report. To ensure the appropriate handling of classified information in terms of availability, accessibility, accuracy and traceability, MFEX has devised and implemented an information security policy, Group Policy for Information Security. Examples of risk of losses arising due to external events outside of MFEX's control include fire on MFEX's premises, burglary, prolonged power failure and technical breakdowns. These risks have been minimised as MFEX has created a fully redundant solution for all key components, such as power, network, workplace, data storage and computer capacity. This is documented in the MFEX Group Policy BCMS (Business Continuity Management System).

### Business risk

Business risk is the risk of decreasing revenues due to business climate changes, political decisions, economic recession, and similar macro-factors inherent to an organization's operations and the environment it operate in that may impair its ability to provide returns on investment. The primary business risk for MFEX is the loss of key clients

(distributors) through changes in market demand. Business risk have an effect on the firm directly and are therefore assigned to RtF.

The client base has steadily been increasing during the last years and MFEX focuses on nurturing a close relationship with its largest clients and is continuously working to expand the client base.

#### Reputational risk

Reputational Risk is the risk that revenues and own equity is affected negatively due to a decline of the value of the brand name. MFEX is engaging in an industry where client expectations on transparency, control and stability are very high. The probability of a reputational risk materializing is considered to be low, but the consequences of such occurrence would be high. Reputational risks affect the firm directly and is therefore amended to RtF.

To mitigate the reputational risk MFEX applies strict due-diligence and is selective which companies to enter into relations with. Any potential negative trends in relation to the reputation is monitored through an annual client survey. The results of the survey are presented to the management team and any identified issues are actively addressed.

#### Strategic risk

Strategic risk is the risk of decreased earnings and capital resulting from either a strategic decision that turns out to be defective or inappropriate, or lack of a strategic decision. This includes the Board's and the management's ability to plan, organize, govern the business and/or fail to adapt the business model to trends in new technology, increased competition and/or generally react to changes in the business conditions and environment. In its current phase MFEX is exposed to key strategic risks in the expansion of the business to new markets, merger integrations, changed or new products and systems. Strategic risks affect the firm directly and is therefore assigned to RtF.

To mitigate strategic risks MFEX has defined a target operating model for future operations as well as a clear integration plan with a project management organisation supporting the integration within Euroclear group.

#### Concentration risk

Concentration Risk refers to the vulnerability inherent in the concentration of credit risk exposure to a limited number of customers, a particular sector or geographic area. MFEX is exposed to credit concentration risk from its' credit exposure towards institutes and corporates primarily located in Sweden. It is also the case that certain concentration risks inherent to the line of business offering MFEX has. Concentration risks affect the firm directly and is therefore assigned to RtF.

#### Liquidity risk

Liquidity risk is the risk that MFEX does not have liquid assets available, or available without incurring significant cost, to meet its short-term obligations. MFEX is exposed to liquidity risk primarily through its operational expenses and in the process of rebates collection where fund distributors are to an extent paid before MFEX receive payment from the fund companies, and when early payments of redemption orders are made towards Distributors. The liquidity risks taken shall be limited, and no speculative elements shall occur in the daily operations. MFEX has assessed its business to be less complex and the company does not have a role as liquidity guarantor in the market.

Liquidity is continuously monitored and procedures for the management of potential or current liquidity deficit have been established which describes the minimum level of liquidity that MFEX shall hold. This includes liquidity reviews before payment of non-custody rebates to distributors and early payments of redemption orders, as well as recurring review of reallocation of liquidity between banks. Further details are found in the Policy on Liquidity Risk Management.

The Board has decided that the liquidity risk shall be limited and no speculative elements shall occur in the day-to-day operations. Available liquidity shall consist of investments in treasury funds, term deposits and holdings at banks that meet the requirements of Article 43 of the IFR, which corresponds to at least one third of the requirement based on fixed expenses in accordance with Article 13 (1) of the IFR ("Regulatory requirement under IFR"). A larger internal limit is used for management monitoring of the liquidity situation as defined in the Policy on Risk Appetite and Risk Limits. The MFEX Finance function manages the on balance sheet liquidity flows and must immediately inform Risk Control and the CEO if the total liquidity is less than or may be less than the liquidity limit based on, for example, forecasts.

	<b>2022</b>	<b>2021</b>
<b>Available liquidity</b>		
Lending to credit institutions	29 321	26 416
Bonds and other interest bearing securities	10 000	-
Shares and participations, other (haircut 20%)	6 801	-
Total	<u>46 122</u>	<u>26 416</u>
<b>Financing sources</b>		
Loans with related parties	42 524	24 861
Other liabilities, accrued expenses and deferred income, provisions	97 389	105 534
Equity	113 309	105 763
Balance sheet total	<u>253 222</u>	<u>236 158</u>
<b>Regulatory liquidity requirement</b>		
Regulatory requirement under IFR	5 329	3 078
Surplus against regulatory requirement	40 792	23 338

## 28 Related party disclosures

Related parties are defined in accordance with IAS 24 Related party disclosures. Related party transactions are conducted on normal commercial terms. Parent Company holds a controlling interest in Fondab AB, Global Fund Watch GFW AB, MFEX Singapore Pte. Ltd., MFEX Suisse S.A., MFEX France S.A., MFEX Malaysia SDN. BHD, MFEX Hong Kong Limited, and MFEX Luxembourg S.A which are all wholly owned. Of total revenue for Parent Company, 6,8% (6,5%) of revenue is from Fondab AB and less than 1% from other subsidiaries. The Group also has related party transactions to Euroclear Investment S.A and Euroclear SA/NV.

<b>MFEX Mutual Funds Exchange AB:</b>	MFEX (Parent Company)	MFEX (Parent Company)
	<b>2022</b>	<b>2021</b>
The company's receivables from MFEX Malaysia sdn Bhd	-	513
The company's receivables from Global Fund Watch Gfw AB	-	294
The company's receivables from MFEX Invest AB	-	-
The company's receivables from Euroclear SA/NV	100	-
The company's liabilities to Global Fund Watch Gfw AB	-	-43
The company's liabilities to Fondab AB	-1 910	-2 635
The company's liabilities to MFEX Singapore Pte. Ltd.	-463	-338
The company's liabilities to MFEX France SA	-20 058	-10 914
The company's liabilities to MFEX Suisse SA	-436	-364
The company's liabilities to MFEX Malaysia sdn Bhd	-1 649	-800
The company's liabilities to MFEX Luxembourg S.A.	-6 679	-2 176
The company's liabilities to MFEX Hong Kong Ltd	-127	-176
The company's liabilities to Euroclear SA/NV	-	-
The company's liabilities to Euroclear Investments SA	-16 669	-14 902
<b>Total</b>	<u><b>-47 891</b></u>	<u><b>-31 542</b></u>

For information regarding remuneration to senior executives, refer to Note 6.

## 29 Events after balance sheet date

After the balance sheet date, the subsidiary Fondab AB, held for sale was sold.

**30 Proposed appropriation of profit**

The Board's proposed appropriation of the Parent Company's profit.

	MFEX (Parent Company) <b>2022</b>	MFEX (Parent Company) <b>2021</b>
<b>At the disposal of the Annual General Meeting:</b>		
Free share premium reserve	10 350 810	10 350 810
Fair value reserve	-21 117	-
Retained earnings	113 288 829	101 465 540
Profit/loss for the year	-15 260 222	-16 750 156
<b>Total</b>	<b>108 358 300</b>	<b>95 066 194</b>
	MFEX (Parent Company) <b>2022</b>	MFEX (Parent Company) <b>2021</b>
<b>The Board proposes the following appropriation:</b>		
To be paid to shareholders (EUR 0.00 per share)	-	-
To be carried forward	108 358 300	95 066 194
<b>Total</b>	<b>108 358 300</b>	<b>95 066 194</b>

**Stockholm, according to the date of digital signature**

**Oliver Lagerström**

*Chairman*

**Carl-Axel Palmér**

*Chief Executive Officer*

**Olivier Huby**

**René-Pierre Azria**

**Paul Hurd**

**Philippe Laurensy**

**Our auditor's report was submitted in Stockholm, according to the date of digital signature**

**Deloitte AB**

**Henrik Nilsson**

*Authorised Public Accountant*